Daily Report

Latin America

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Cuba

Interior Ministry Summarizes Tarara Incident

FL1301152292 Havana Radio Rebelde Network in Spanish 1255 GMT 13 Jan 92

[Text] It has been determined through the indictment process being conducted against those involved in the heinous crime perpetrated on 9 January on the Tarara Naval Base of the Jose Marti pioneers camp in Havana that seven individuals participated in the act. They include the following: 27-year-old Luis Miguel Almeida Perez, from Guanabacoa, who was wanted by the law for the rape of a minor; 20-year-old Niberglis Once Casanovas, wife of the aforementioned individual, who took along their 4-year-old daughter; 22-year-old Rene Salmeron Mendoza, from San Miguel del Padron, who was also wanted for the same rape case as Almeida Perez; 19-year-old Eric Salmeron Mendoza, resident of Mariel; 22-year-old Elias Perez Bocur, from Guanabacoa; 48-year-old Pedro Marcelino de la Rosa Guerra, from Arroyo Naranjo, and his wife, 37-year-old Micaela Atencio de la Rosa.

The preliminary reconstruction of the events shows that these counterrevolutionary elements arrived in Tarara around midnight on 8 January to steal a vessel and illegally leave the country for the United States. To gain access to the naval base, the criminals impaired its security mechanism and took advantage of Almeida Perez' familiarity with the location. He had worked there until the beginning of December 1991. Willing to achieve their goal at any cost, the men were carrying knives and clubs which they used to carry out the crime. Luis Miguel Almeida Perez took advantage of the fact that he was known by Rafael Guevara Borges to approach the guard shack were Guevara and Border Guard Combatant Orosman Duenas Valero were on duty. Almeida Perez began talking with the two soldiers while his accomplices, which were hiding nearby, waited for the signal to attack the soldiers by surprise. Despite the treacherous attack, both soldiers resisted and were injured by the criminals, who bound the soldiers' hands and feet after taking their weapons. The attackers then proceeded to the dock and tried to start a boat but were unable to do so.

Unaware of what had happened, National Revolutionary Police [PNR] combatants Yuriy Gomez Reinoso and Rolando Perez Quintosa arrived at the guard shack and immediately proceeded to help their comrades. However, at that moment they were shot by the criminals using a stolen AKM rifle. Despite the surprise attack, the PNR combatants responded to it, however Yuriy was killed, and Rolando was seriously wounded.

The evidence indicates that when Almeida Perez saw his plan frustrated, he entered the guard shack with an AKM rifle and shot all four combatants. They then left, believing that all four were dead. The counterrevolutionary group quickly departed the base and went to San Miguel del Padron. They hid the rifle and one of the pistols. Murderer Almeida Perez kept one of the pistols, which he had with him when he was arrested. Almeida Perez, accompanied by his wife, and the Almeron Mendoza brothers, went to Mariel, were they planned to hide and hoped to steal a vessel to illegally depart the country. Meanwhile, Pedro Marcelino, and his wife, Micaela Atencio, went to Manzanillo.

As reported, all participants were captured 24 hours after the crime was discovered and a few hours later the arrest of all accomplices was completed thanks to the joint participation of the people and the combined forces of the Interior Ministry and the Revolutionary Armed Forces. The investigation process continues.

Signed: Interior Ministry.

Commentary on Direct Election in Assemblies

PA1301023192 Havana Radio Havana Cuba in Spanish 1400 GMT 10 Jan 92

[Commentary read by Roberto Morejon]

[Text] The study currently being conducted by the Cuban authorities to incorporate the system of direct elections in provincial and national assemblies of the National Assembly of the People's Government [ANPP] must conclude with the drafting of a genuinely democratic election process.

On a recommendation by the Communist Party of Cuba, a commission of parliamentarians is reviewing the changes needed in the Constitution and the electoral law so that a firm proposal can be made in one of this year's sessions in the national parliament.

Up to now, the rank and file delegates to the ANPP have been directly elected by the people and their representatives are in charge of determining the composition of the provincial and national assemblies.

Even though this experience has also reflected the free exercise of individual criteria, in the future it will cover more ground when it is extended to each and every level of election for the ANPP.

At any rate, just as in the past and will be in the future, the parties will never be in charge of nominating the candidates because each individual citizen will always be able to exercise this right.

In Cuba there is only one party, the Communist Party, but the Constitution does not authorize it to nominate candidates, draft voting lists, or engage in political campaigns in favor of the person it believes best suited to fulfill his responsibilities at the ANPP.

This is a crucial difference between Cuban democracy and what prevails in other countries in Latin America and the rest of the world, but the Cuban people demand respect for their electoral system as it respects the formulas implemented by others.

The upcoming election processes in Cuba, protected by revised laws, will constitute a milestone in Cuban history, essentially because of their peculiarity. The future election of delegates and ANPP deputies will also lack—as has always happened in Cuba—the political campaigns that cost millions in other countries and that allow some candidates to win elections not precisely because of their virtues, but by the number of zeros in their bank accounts.

Efforts To Guarantee Right To Work Viewed

FL1001150792 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 10 Jan 92

["Focus" commentary]

[Text] One of the additional measures recently adopted by the government concerns possible work schedule interruptions and the relocation of personnel. In fact, the revolution has made enormous efforts to date to guarantee, as a sacred privilege, the right to work. If today it is necessary to make immediate decisions regarding employment matters, it is because of the serious problems imposed on the country from abroad.

Work schedule interruptions and the possible relocation of personnel is a complex matter which cannot be based on general decisions, but requires specific consideration in each work center and province based on the availability of material resources. Above all, we must remember that these interruptions will be irregular and cannot be determined by central governmental decisions, but rather will be determined by the availability of resources, which may be scarce during very intermittent periods.

This does not mean that now administrators should adopt easy solutions to handle the relocation of personnel in case there are lengthy interruptions in the activities they manage. This is such a sensitive matter that it requires a detailed analysis in which all the so-called factors in each place should be considered. But we should also all remember that in a situation such as this one, in which considerable reductions in securing materials may occur, it is not possible to ensure that there will be work for every job holder.

Alternatives to relocation must first come from the organization, enterprise, or the work center itself, either by means of the job transfer mechanism which has recently been established, or through the voluntary willingness of individuals to make contributions in other tasks where workers are most needed now, as in the case of agriculture. The idea of relocation should be approached realistically so that it will be applied where there is a real need and so that all existing possibilities in each province will be explored to give the workers useful tasks under the present conditions.

It is also not possible to carry out relocations so people can get by through improper overstaffing, in an attempt to divide one person's work among several. If we did that, we would be doing the worst kind of injustice to our society under conditions in which the country needs, now more than ever, to work to recover productivity and economic reactivation. Only after all the possibilities to find a solution have been exhausted, if a worker really does not have work and cannot be relocated, only then is it preferable that he be sent home temporarily, with an allowance of 60 percent of his salary. This does not mean he will lose his place at his work center.

Other possible irregularities that could cause partial interruptions, and wage adjustments—in this case to 70 percent—will be unavoidable. This is what may happen in certain work centers where the work schedule is reduced as a result of possible unforeseen events such as the closing of worker cafeterias, or in order to comply with the assigned electric plan, or even interruptions which can occur as a result of provincial decisions to halt activities due to excessive electricity consumption the day before.

Of course, it will not be easy for anyone with work experience to understand a situation such as this one, but we must consider that it could also be disconcerting to maintain a given number of workers who do not have an opportunity to actually produce anything in their jobs as the difficulties increase, not only because of a lack of raw materials or materials, but also because of the considerable reduction in fuel, which adds another factor of uncertainty to the availability of transportation or production of electricity.

The nature of this situation lies not in the matter of reducing salaries, but rather in paying a high percentage of salaries even though the people are unemployed, based on the moral principle that if someone cannot contribute to society full-time because of such an extraordinary situation, he should not receive 100 percent of his salary. The rightness of these measures in such an adverse situation is a guarantee of the principle that no worker will be left unprotected under any circumstances.

If at this difficult time we reverted once again to paternalistic formulas which have already been experienced in the past, and which were very harmful, we would be introducing a very negative factor. If we maintained full wages without any material counterpart, this would result in tremendous harm to the workers themselves and would hinder the quest for solutions at a time when we should not renounce the intention of producing at all costs, but not at the price of disorganization and inefficiency. Even under these difficult conditions, we should set ourselves, with greater determination than ever, the goal of producing and working in general with true efficiency.

Further Transportation Reductions Announced

PA1401033492 Madrid EFE in Spanish 2330 GMT 13 Jan 92

[Text] Havana, 13 Jan (EFE)—Cuban authorities have announced the progressive elimination of 48 public transportation lines in Havana, effective 13 January, in compliance with a new traffic reduction program within the so-called "special period during peacetime."

The adjustment plan, which should be completed by 9 February, calls for reorganization of the urban transportation system in Havana that will leave only 113 bus lines in operation. They will travel mostly along the city's main thoroughfares.

The measure, which has befallen one of the economic areas most sensitive to the reductions decreed in recent months, is intended to improve service during rush hour and to alleviate the increasing shortage of spare parts and tires, which has made it necessary to remove from operation more than 500 buses.

This readjustment has also coincided with implementation of other restrictions on television broadcasts, the use of street lights, and scheduled postal service.

All these restrictive measures have been decreed by the Cuban Government given the worsening of the crisis that afflicts the island with the reduction in oil shipments that it formerly received through its trade at preferential prices with the defunct USSR. The reductions have become increasingly drastic.

Given the peculiar situation, people will be authorized to switch jobs and seek ones closer to their homes in Havana. Official estimates indicate that 54 percent of workers do not live in the municipality where they work.

Former ANPP President Severo Aguirre Dies

FL1301183192 Havana Radio Reloj Network in Spanish 1737 GMT 13 Jan 92

[Text] Early today, Deputy Severo Aguirre del Cristo, who had occupied the vice presidency and the interim presidency of the National Assembly of the People's Government [ANPP], passed away. Severo Aguirre had been the secretary of the Communist Youth League and later leader of the People's Socialist Party. After the triumph of the revolution he occupied several posts including first vice minister of the National Institute for Agrarian Reform, dean of the Livestock-Agricultural Sciences School, and for 8 years he was the Cuban ambassador to the former Soviet Union. After this diplomatic post he became president of the Cuban Movement for the Peace and Sovereignty of the People, and later, after the death of Flavio Bravo, became interim president of the ANPP.

At the time of death Severo Aguire was 79-years-old and had received many awards including the Communist Party of Cuba Founders, Clandestine Fight, and other awards. His remains will be available for last respects at the Calzada and K Streets funeral home.

Health System Services 3,063 Foreigners in 1991

FL0901144792 Havana Radio Progreso Network in Spanish 1200 GMT 9 Jan 92

[Text] There were 3,063 citizens from 44 countries on five continents who traveled to Cuba during 1991 to receive various types of medical treatment, clinical examinations, and undergo complex types of surgery through the health tourism system. Dr. Jorge Luis Perera, deputy director of Servimed [Medical Services], which is the organization that provides these services, stated that 15 clinical and hospital centers are included in this system, and that five more will be added this year. There is also a hotel network for patients and those accompanying them.

Swedish Group Collects Funds To Buy Oil

PA1301142992 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 12 Jan 92

[Report by Grisel Perez]

[Text] [Announcer] A tanker for Cuba. That is the watchword that inspired the Sweden-Cuba Friendship Association to collect 630,000 Swedish kronor, approximately $110,000, for the Cuban cause. The delivery was made simultaneously in Stockholm and in Havana, at the Cuban Institute of Friendship with the Peoples.

[Perez] The collection began in the autumn of 1991. The goal was to collect enough funds to pay for one-twelfth of a tanker of oil to ship to Cuba, but the Swedish association of solidarity was able to collect much more than it had anticipated. It collected $110,000. This campaign is one of the many that for 25 years this organization has carried out. Among those who contributed, some may sympathize with socialism and some may not, but somehow all of them have identified themselves with the cause of a people who are defending their right to self-determination.

[Begin recording, unidentified Swedish speaker in Spanish] Considering Cuba's current situation, it is more important than ever to show that Cuba is not alone, that Cuba has friends throughout the world. [end recording]

[Perez] Some Swedish friends said this aid is only a drop of water in the ocean but drops should not be underestimated because seas are made of drops.

This year the Swedish-Cuba Friendship Association plans to collect $150,000 worth of medicine. The current contribution is a symbolic expression of the next goal.

As Jose Marti would say: Human fraternity is beautiful, moving, pure, and necessary.

ICAP Receives Donations

FL1301162692 Havana Radio Rebelde Network in Spanish 0000 GMT 11 Jan 92

[Text] The Cuban people have just received, through the Cuban Institute for Friendship with the People [ICAP], a donation of 630,000 kroner, equivalent to $110,000 as result of a campaign entitled: A Tanquer for Cuba, which the Swedish-Cuban Friendship Association conducted last fall in Denmark. The donation was presented by Anagreta Balmark, vice president of the association, and was received by Sergio Corrieri, president of the ICAP and member of the Central Committee of the Communist Party of Cuba.

Anagreta reported that after this donation they are beginning a new campaign to collect $1 million to buy medicine for Cuba and presented several packages of medicine to Corrieri as a first sign of their efforts. The president of the ICAP mentioned the upcoming 25th anniversary of the Swedish-Cuban Friendship Association and thanked the fraternal gesture of solidarity of our Swedish comrades, particularly in the present circumstances.

Trade, Cooperation Meetings Begin in Hanoi

FL1001195192 Havana Radio Rebelde Network in Spanish 1255 GMT 10 Jan 92

[Text] Today, Cuba and Vietnam are meeting in Hanoi to begin new evaluations of cooperation between both countries. This dialogue will continue through next week and will establish formal agreements that include the exchange of Cuban sugar for rice, latex, jute, and other imports.

Castro's Contribution to Tripartite Meeting Noted

FL1301153692 Havana Radio Progreso Network in Spanish 1200 GMT 13 Jan 92

[Text] Jorge Risquet, member of the Central Committee of the Communist Party of Cuba, has pointed out the important contribution made by Cuban President Fidel Castro to the tripartite conference on the 1962 October missile crisis. This Sunday, during a news conference following 3 days of meetings in Havana, Risquet pointed out that Fidel's general views on the origin, development, and resolution of the crisis were enlightening. This year is the 30th anniversary of that event. Risquet explained that while Cuba is willing to normalize relations with the United States, it depends on a U.S. political decision and to halt the pretexts that Washington uses to perpetuate hostilities against the island.

Malmierca To Attend Salvadoran Agreement Signing

PA1401034392 Madrid EFE in Spanish 0228 GMT 14 Jan 92

[Text] Mexico City, 13 Jan (EFE)—The Cuban Embassy reported on 13 January that Foreign Minister Isidoro Malmierca will attend the ceremony in which the Salvadoran guerrillas and government will sign the peace agreements in Mexico City on 16 January.

Malmierca is scheduled to fly to Mexico City from Havana and arrive on 14 January at 1430 (2030 GMT), the embassy added.

On 13 January, Miguel Saenz, member of the Political-Diplomatic Commission of the Farabundo Marti National Liberation Front [FMLN], requested the presence of a Cuban representative at that ceremony.

Saenz told the media that "Cuba helped maintain war for 12 years and it should now also witness the signing of peace."

He added that Cuban President Fidel Castro is not on the guest list for the 16 January ceremony, "but that would be a decision that pertains solely to the Mexican Foreign Secretariat."

Salvadoran President Alfredo Cristiani—or his representative—and representatives of the FMLN will sign the peace agreements during a ceremony at the Chapultepec Castle that will end 12 years of civil war which claimed more than 75,000 lives and $4 billion in economic losses.

On 31 December 1991 the FMLN and the Cristiani administration decided to take this step in Mexico after holding several meetings in Mexico City, San Jose, and Caracas, between October 1984 and December 1991.

The ceremony will be attended by Colombian President Cesar Gaviria, Mexican President Carlos Salinas de Gortari, Venezuelan President Carlos Andres Perez, and Spanish Prime Minister Felipe Gonzalez, who offered their good offices toward the signing of peace between the FMLN and the Cristiani administration.

Colombia, Spain, Mexico, and Venezuela are members of the "Group of Friends" of UN Secretary General Butrus Ghali, who will travel expressly to Mexico City to attend the ceremony, as will his predecessor Javier Perez de Cuellar.

Also in attendance will be Costa Rican President Rafael Angel Calderon, Nicaraguan President Violeta Chamorro, Guatemalan President Jorge Serrano, Honduran President Rafael Leonardo Callejas, and Panamanian President Guillermo Endara.

The U.S. Government will be represented by Secretary of State James Baker and Bernard Aronson, assistant secretary of state for inter-American affairs.

It was announced that following the signing of the peace agreements the hostilities will formally end on 1 February.

Inter-Caribbean Affairs

Grenada Asks for Emergency Caricom Meeting

FL0901225692 Bridgetown CANA in English 1900 GMT 9 Jan 92

[Text] St. George's, Grenada, Dec 9, CANA—Grenada's Prime Minister, Nicholas Brathwaite, wants an emergency Caribbean Community [Caricom] heads of government meeting. "Certainly I think it's a good idea to have a meeting of Caricom heads at this particular time when they can pay specific attention to world trends," Brathwaite told the CARIBBEAN NEWS AGENCY. He said the meeting would also allow leaders to come to an understanding of how they could "collectively" respond to those trends.

The Grenadian leader said he was aware of a Caricom summit set for Jamaica next month to discuss economic issues, but he believed other pressing issues could well be addressed then as well. Brathwaite noted the calendar of events planned for the next few weeks included the Fourth Regional Constituent Assembly, carded for Grenada January 19-25, the Organisation of Eastern Caribbean States [OECS] Authority Meeting in St. Lucia January 27-29 and Grenada's Independence celebrations February 7. He said these made an earlier meeting "almost impossible."

"We believe the meeting planned for February will be about the earliest we can get a regional meeting to meaningfully discuss these issues," he said.

Brathwaite, chairman of the OECS, again expressed some displeasure that decisions taken and agreements made at OECS and Caricom levels were not implemented.

Pointing to an agreement to "free-up" travel within the OECS states and to establish overseas joint diplomatic and other missions among the sub-regional states, the chairman said too much time was taken in implementing these decisions. "In some cases it does take a little time, much too much time than I would like in terms of implementation of decisions," he said. He said some governments made decisions "only to get back home and find out that it took more than they anticipated to have it implemented."

In the case of free travel, he said, "we here have already taken steps to ensure that would be in operation, and we are going to extend it to the wider Caricom. So there is not a lack of commitment to the decisions. The problem is that in most instances the decisions get caught up in national problems."

He said the new travel arrangements should be in operation here "any time now." Adding, "we have decided that we are going to start in any case as soon as possible."

Haiti

Chamber Leader Resigns; Assembly President Stays

FL1301193992 Port-au-Prince Radio Metropole in French 1400 GMT 13 Jan 92

[Text] The resignation of Frantz Robert Monde, vice president of the Chamber of Deputies, has been noted. In explaining his reasons for the resignation, the vice president of the chamber cited the pressures being applied on the parliamentarians.

The president of the National Assembly, Dejean Belizaire, also announced that he would resign on 13 January if the embargo had not been lifted by 31 December. Belizaire, however, seems to be willing today to remain in his position to continue the negotiations initiated with the OAS on the serious Haitian political crisis.

Further on Resignation

FL1301205692 Port-au-Prince Radio Nationale in Creole 1400 GMT 13 Jan 92

[Text] In a letter dated 11 January and addressed to Dully Brutus, president of the Chamber of Deputies, parliamentarian Frantz Robert Monde, representative of the Anse-a-veau Commune and L'Asile has resigned as vice president of the Lower Chamber. He notes that the parliament is sandwiched by extremists of all tendencies.

Deputy Frantz Robert Monde writes that while he refuses to take the easy route and to engage in crooked dealings and slander, he believes that it is necessary for him to render his resignation as vice president of the Chamber of Deputies. He has no intention of applying for another position in upcoming elections to establish a new office. Further on in the letter, Monde adds that the Haitian nation is in deep confusion. Monde states that he refuses to participate in a farce which deals with the changeability of human beings and their chronic propensity to only defend their personal interests. He, therefore, prefers to retire early.

Frantz Monde sent his patriotic regards and thanked his colleagues at the 45th Legislature who helped him during the difficult times by offering him very good advice.

National Assembly Reopens Session 13 Jan

FL1301205992 Port-au-Prince Radio Metropole in French 1400 GMT 13 Jan 92

[Text] The parliament resumes its session's today, 13 January. Senators and deputies will meet to continue the work of the 45th Legislature. Prominent heads of state will be at the opening ceremony. Joseph Nerette, provisional president will speak, as well as lawyer Jean-Jacques Honorat, prime minister; and Dejean Belizaire, National Assembly president.

The following important issues are on the agenda of the parliamentary session which begins today: a resolution

to the political crisis, the vote on the prime minister-designate, and the question of the embargo. As everyone knows Rene Theodore of the Unified Party of Haitian Communists has been selected by the various parties involved in the negotiations as a solution to the Haitian crisis. This selection will be submitted soon to the parliament for ratification.

Theodore Ratification Missing

FL1301210192 Port-au-Prince Radio Metropole in French 1500 GMT 13 Jan 92

[Text] The National Assembly has officially resumed work today. Prominent heads of state must be present at the official ceremony. The ceremony will include a speech by Joseph Nerette, provisional president; an assessment presented by Jean-Jacques Honorat, head of the provisional government; and a speech by Dejean Belizaire, National Assembly president. The vote on the choice of a consensus prime minister is not on the agenda.

Nerette Address Cited

FL1301221592 Port-au-Prince Radio Soleil Network in Creole 1930 GMT 13 Jan 92

[Excerpts] In the speech delivered on the occasion of the reopening of parliament, Joseph Nerette, who is the provisional president of the country, criticized the embargo which the OAS has ordered against Haiti and stated that he would hand over power to a president-elect. President Nerette said the country is a free and independent country and that he is leading it in accordance with the provisions of the Constitution as outlined in Article 149 that refers to him as provisional president. [passage omitted]

Haitian provisional President Joseph Nerette also criticized the embargo that the OAS ordered against Haiti and called it a genocide. According to the provisional president, the OAS has contributed to the destruction of the country's economy.

Judge Joseph Nerette stated that it is now time to wonder whether Haiti should (?still) be part of an organization that is humiliating the country instead of helping it. He went on to say that constitutional order was restored on 8 October, 1991 and urged parliamentarians to work so constitutional order can be maintained. [passage omitted]

Belizaire Speaks

FL1301233792 Port-au-Prince Radio Soleil Network in Creole 1930 GMT 13 Jan 92

[Text] [Words indistinct] commented on the crisis that has been troubling Haiti since the inauguration of the provisional government until the opening date of this first session. In the speech that he delivered, Senator Dejean Belizaire also commented on the negotiations underway between the parliamentary mission and the OAS. According to Senator Dejean Belizaire, the negotiation have not yielded any concrete solutions. So far no official document has been signed between the parliamentary mission and the OAS.

[Begin Belizaire recording in French] The 34-member countries of the OAS ordered a trade embargo against Haiti and the isolation of the new government due to the decision of the parliament. It therefore became necessary for us to continue the negotiation process with the OAS which began on 5 October. These negotiations continue. There have been several rounds of negotiations. Meetings were held in Haiti on 5 and 7 October 1991; 10 November 1991; 6 and 7 December 1991; and 22 December 1991.

What about the meetings abroad, especially those held in Washington, Cartagena, and Caracas? What resulted from these meetings? What are the results of these meetings? [repeats] During the first round of meetings, all our efforts were aimed at making the OAS understand how illegal and arbitrary its decisions against Haiti were; how these decisions run contrary to the Haitian Constitution; how these decisions run contrary to the fundamental charter of the OAS; how these decisions are arbitrary; how these decisions represent an application of the law of the strongest; and how these decisions interfere in the internal affairs of Haiti.

The only thing that we can say is that the OAS has turned a deaf ear to everything that has been said. The only goal we can say we have noted—if we want to be honest—is that the OAS wants to unconditionally achieve all its goals regarding Father Aristide. Whether the talks were held in Haiti or not, beneficial conditions for everyone have never been adequately discussed or signed. In Caracas, the OAS [words indistinct] the OAS has employed many tactics to avoid discussing these questions.

For all these reasons, I say no more progress has been achieved by 7 January in Caracas than by 22 September [date as heard] in Port-au-Prince. Augusto Ramirez Ocampo said it in Port-au-Prince on 22 December and Father Aristide repeated it in Caracas. To the present, no important document has been signed regarding conditions to reach the OAS objectives. Of course, the OAS has used an important tool. It uses the embargo to impose its law on the country. [end recording]

Senator Dejean Belizaire also advised that he would not hand in his resignation, contrary to what he wrote in the letter which he sent to the Senate, in which he stated he would resign as the head of the parliament by 13 January if the embargo was not lifted by 31 December.

Funeral Turns Into Pro-Aristide Demonstration

FL1301212792 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 13 Jan 92

[Report by correspondent Ronald Duperval in Les Cayes]

[Text] Approximately 2,500 to 3,000 people participated in the funeral of Claudy Jean in Les Cayes [188 km south Port-au-Prince] last Saturday, 11 January. The funeral subsequently became a bona fide demonstration with slogans hostile to the military in the south of the country and favorable to the Father Aristide government. At about 1500, the cathedral was full of parents, relatives, and friends of the deceased, who had come to pay their last respects.

The main celebrant, Reverend Father Yvon Brizeau, accompanied by approximately 10 fathers of the Les Cayes diocese, recounted the circumstances under which Claudy died. He said Claudy had died but that his blood will be used for establishing democracy in the country. All the people who spoke at the event spoke along the same lines and said the people's struggle must move forward despite all acts of repression. Meanwhile, attendants, including adults and children, burst into tears.

At the conclusion of the ceremony, the crowd cut across several city streets with the coffin. They brandished Claudy's pictures throughout the procession. The crowd, which was estimated to be 2,500 to 3,000 people, became a bona fide demonstration and began shouting: Down with the macoute Army and up with President Aristide. A technical problem prevents us from letting you listen to what the situation on Saturday was like.

Remember, this demonstration developed while there was a large military security presence and two people were almost arrested but Captain David, police chief in Les Cayes, intervened. We must point out that Claudy died on Wednesday, 8 January, nine days after the military in Les Cayes arrested him on the accusation that he was posting pictures of Father Aristide. According to statements Claudy made before he died, they gave him a hard time. Police sources in Les Cayes, however, deny being responsible for his death.

Jamaica

Cabinet Formally Recognizes CIS Members

FL1001203692 Bridgetown CANA in English 1946 GMT 10 Jan 92

[Text] Kingston, Jamaica, Jan 10, CANA—The Jamaican cabinet has formally recognised the Russian Federation and 10 other former Soviet Republics which now form the Commonwealth of Independent States [CIS]. The other republics are Armenia, Azerbaijan, Belarus, Kyrgyzstan, Kazakhstan, Moldova, Ukraine, Uzbekistan, Tajikistan, and Turkmenia.

The official news agency JAMPRESS said cabinet also agreed to discuss with Jamaica's ambassador to the former Soviet Union, Arthur Thompson, details regarding his accreditation and the status of the nation's trade and other agreements with the former super power. Thompson is said to be on his way home from Moscow. The Soviet Union was an important market for Jamaican bauxite/alumina.

Ukraine To Pay Bill, Negotiate Bauxite Deals

FL1001215792 Bridgetown CANA in English 2001 GMT 10 Jan 92

[Text] Kingston, Jamaica, Jan 10, CANA—A former Soviet state trading agency has communicated its intention to settle a U.S. 4 million dollar bauxite bill owed Jamaica by the former Soviet Union, a Jamaican Government official said. The managing director of Jamaica's Bauxite Alumina Trading Company (Batco), Audley Roberts said that the State Trading Corporation in the former Soviet Union has "communicated its intention" to settle the arrears for bauxite shipments and "I am very optimistic."

Since 1984 Jamaica has sold bauxite worth U.S. 150 million dollars to the USSR and in 1991 (up to November) Jamaican-based producers sold 174,000 tonnes of alumina worth 35 million dollars to the former union.

Roberts said a team was also expected at monthend from Nikolaev Alumina Company, in the Ukraine, which processes Jamaican bauxite. Discussions will centre on the proposed takeover by the Ukraine of the bauxite contract with the former Soviet Union which was scheduled to run from this year to 1995. They will also discuss plans for Ukrainian and United States investors to partcipate in the re-opening of the Lydford bauxite mines in St. Ann, formerly operated by Reynolds Jamaica Mines and closed since 1984.

Roberts told CANA that he was also "very optimistic" that all aspects of the negotiations would be successful. He explained that prior to the break-up of the Soviet Union, all negotiations on behalf of Nikolaev was carried out by the Soviet State Trading Corporation based in Moscow, Russia. The new political situation with the break-up of the union and the formation of the Commonwealth of Independent States including the Ukraine, meant that negotiations could now be carried out directly with the processing company, he said. The Jamaica Government on Friday announced it had recognised the new Commonwealth.

St. Vincent and the Grenadines

Prime Minister Mitchell Presents 1992 Budget

FL1401013792 Bridgetown CANA in English 2221 GMT 13 Jan 92

[By Corlita Ollivierre]

[Text] Kingstown, St. Vincent, Jan 13, CANA—St. Vincent and the Grenadines Prime Minister James Mitchell on Monday presented a surplus budget of 274.4 million dollars (one EC dollar = 37 cents U.S.) for the 1992 fiscal

year. The budget, representing an increase of 28.1 million dollars over last year, comprises a capital expenditure of 104.8 million dollars and a recurrent expenditure of 169.6 million dollars.

Mitchell said the capital budget would be financed from 65.94 million dollars in external funding, of which 24.75 million would be grants and 41.18 million in loans. The rest of financing, to be raised locally, would come from a 24.5 million dollar government bond issue, 11.22 million dollars in deposits, and a surplus of 3.11 million dollars on recurrent side of the budget. Mitchell did not give revenue projections.

Among new revenue-earning measures outlined were increases in vehicle and drivers license fees, a 10 dollar hike in the airport departure tax, and an increase of 2 dollars to obtain tax clearance for foreign travel. In addition, the head charge per passenger on cruise ships goes up from January 15, and an annual license fee would be introduced on charter yachts.

Penalties were increased for the violation of certain regulations such as customs duties, and increases were announced in the fees charged for wharehousing and the provision of certain government services provided on private property. Mitchell also announced the lifting of licensing requirements on some imports and the elimination of price control measures on certain categories of goods.

"I am satisfied that the competitive spirit is at work with the proliferation of small businesses and we intend to lead with trade liberalisation where we can," he said.

Mitchell said 1992 recurrent expenditure represented a 13.7 per cent increase over 1991 and was due largely to increased contributions to regional institutions, and a 3 per cent and 5 per cent increase from January 1, due to salaried workers and wage earners respectively.

Mitchell said economic and political uncertainty on the international scene made it mandatory to maintain a tight rein on government expenditure. He urged consumers to fashion their tastes to suit.

Describing 1992 as a watershed year, Mitchell said: "Even as we face up to the still grave social problems at home, we have got to be resourceful in addressing the issues that confront us, namely, the single market in Europe and the North American Free Trade Area.

"If we can hold the line without the thought of retrenchment faced by our neighbours, we will have done creditably and given hope where it is needed."

Trinidad and Tobago

Ministers, Senators Named Following Election

FL1001190292 Bridgetown CANA in English 1405 GMT 10 Jan 92

[Text] Port-of-Spain, Trinidad, Jan 10, CANA—Lawyer Camille Robinson-Registe is Trinidad and Tobago's new junior minister of information. The prime minister's Information Division said Robinson-Registe was sworn in Thursday by President Noor Hassanali as minister in the office of the prime minister, with responsibility for information.

Six government senators were also named. They are Emmanuel Carter; Senate President-designate Deodath Ojah-Maharaj; businessman, John Wilfred Farrel; also a businessman, Ainsley Mark; accountant, Pundit Ramcharan Gosine; and Dr. Harry Kuarsingh, geologist. The senators will be sworn in when the new Parliament term opens on Monday.

Education minister is Augustus Ramrekersingh. He was among the first ministers sworn in after the People's National Movement won a December 16 general election.

Opposition Leader Names Shadow Ministers

FL1301191492 Bridgetown CANA in English 1901 GMT 11 Jan 92

[Text] Port-of-Spain, Trinidad, Jan 11, CANA—Trinidad and Tobago's opposition leader Basdeo Panday, stating that his party was the alternative government, has named shadow ministers among his parliamentarians.

"We have a fairly large opposition and we intend to present to the country an alternative government," Panday told reporters on Friday.

"In order to do that, we thought that by allocating portfolios, that they will begin to develop expertise and skills in a particular field. Their research, we hope, will be concentrated in this area and after a time they would have built up a volume of data that they ought to become experts in the field."

The political leader of the United National Congress (UNC) said allocating shadow portfolios would also make debate in Parliament more meaningful and the population would have suitable alternatives to government's proposals. The UNC won 13 seats in the December 16 general elections, which saw the People's National Movement (PNM) in power with 21 seats, after spending five years in opposition. The defeated National Alliance for Reconstruction (NAR) won two seats.

Panday has choosen the shadow portfolio of national security, information, and television. John Humphrey gets housing; Ramesh Lawrence Maharaj, the attorney generalship; and Trevor Sudama finance and budgeting. Panday said shadow ministries for his six senators were deferred. Among the six senators named is senior lawyer Suren Capildeo. The others include defeated candidates Carol Merrit, Roi Kwabena, and Wade Mark. Salisha Baksh, and businessman Mumtaz Hosein were also named.

Daily Says DEA Agents' Immunity Withdrawn

PA1101194092 Mexico City XHTV Television Network in Spanish 0200 GMT 11 Jan 92

[Text] Information recently disclosed by a Mexican newspaper reports that the government withdrew the diplomatic immunity of 39 U.S. Drug Enforcement Agency [DEA] agents assigned to Mexico.

The Mexican daily EL FINANCIERO, quoting a confidential report prepared by the Attorney General's Office, reported on 10 January that the diplomatic visas of the DEA agents had been withdrawn on 15 July 1990 [date as heard].

There are currently 39 DEA agents operating in Mexico. They are distributed as follows: 15 in Mexico City, seven in Guadalajara, four in Hermosillo, seven in Mazatlan, three in Merida, and four in Monterrey.

The DEA agents are all subject to local legislation. If they were to break any of the local laws, they could be put on trial.

The DEA in Mexico were accredited as diplomatic or consular officials, therefore, were under diplomatic immunity. This report has not been confirmed or denied by official government sources.

Defense Secretariat To Try Six Officers

PA1301233592 Mexico City Red Nacional 13 Imevision Television in Spanish 1300 GMT 13 Jan 92

[Text] Complying with a recommendation from the National Human Rights Commission, the National Defense Secretariat began legal proceedings against six officers implicated in the 7 November incidents in Tlalixcoyan, Veracruz State [where two Federal Judicial policemen were killed]. The Military Attorney General's Office formally issued a warrant for the arrest of Division General Alfredo Moran Acevedo, accused of violence leading to homicide; and Brigadier General Humberto Martinez Lopez and Lieutenant Colonel David Rodriguez Gomez, both of whom are accused of conspiracy to commit homicide. Infantry Lieutenant Jose Alfredo Colonel Vargas, Transmission Corporal Lucio Malaga Escribano, and Transmission Colonel Nicolas Sanchez were accused of allegedly transgressing their military duties.

The Military Attorney General's Office decided not to bring charges against Infantry Lieutenant Enrique Zuniga, because paragraph six of Article 109 of the Military Justice Code exonerates him of responsibility. Charges will not be brought against Brigadier General Jorge Baca Gonzalez, although he was accused of conspiracy in the crime of violence leading to homicide and of transgressing the duties of all those who must serve in the Army.

The 13 remaining members of the troop will not be tried because it was decided that they were carrying out the orders of their military superiors.

Belize

Diplomatic Relations Established With Argentina

FL0901233792 Bridgetown CANA in English 1906 GMT 9 Jan 92

[Text] Belize City, Belize, Jan 9, CANA—Belize and Argentina have moved to formally establish diplomatic relations at the ambassadorial level. A protocol was signed Wednesday at the Argentine mission in New York by Belize's ambassador to the United Nations, C.L.B. Rogers and Argentina's ambassador to the United States, Jorge Vasquez.

Opposition Accuses Party Leaders of 'Dictatorship'

FL0901190592 Bridgetown CANA in English 1758 GMT 9 Jan 92

[Text] Belize City, Jan 9, CANA—A leading member of the opposition United Democratic Party (UDP), threatened with expulsion, has accused the party's leadership of "dictatorship."

Former Attorney General Hubert Elrington, area representative Derek Aikman, and Attorney Bernard Pitts are awaiting a decision from the UDP national executive which meets on Sunday. All three are members of the Patriotic Alliance for Territorial Integrity, formed to oppose the controversial maritime areas bill which is on the table as part of current negotiations with Guatemala. Their expulsion threat follows statements that the three are alleged to have made attacking party leader Manuel Esquivel and his deputy, Dean Barrow for their support of the bill.

In a statement issued to the press, Elrington said the expulsion recommendation by the Central Committee is an attempt by Barrow and Esquivel to stifle criticism of their leadership and their handling of the maritime areas bill. He said the two leaders had threatened to resign if the three were not expelled.

"If there are grounds for the expulsion, these were never communicated to us. We were never invited to confirm or deny the charges. The whole proceedings appear to be in breach of law and natural justice," said Elrington.

Elrington said Esquivel and Barrow had lost control of the UDP and the trust and confidence of the membership, and ought to tender their resignations at the upcoming party congress.

El Salvador

Government, FMLN Sign Implementation Schedule

PA1401130092 Madrid EFE in Spanish 1136 GMT 14 Jan 92

[Text] United Nations, 14 Jan (EFE)—The dissolution of El Salvador's five Rapid Deployment Infantry Battalions (BIRI) will begin this coming July and will be completed in November, one month after the guerrilla demobilization is concluded, according to the agreements signed this morning by the Salvadoran Government and the Farabundo Marti National Liberation Front (FMLN).

The schedule for the dissolution of the battalions, which were trained by the United States and have been accused of serious human rights violations (killing of the five Jesuit priests, a domestic worker and her daughter at the Central American University of San Salvador), and the reduction of the Salvadoran Armed Forces were the principal points that delayed the final agreement until this morning.

UN Mediator Alvaro de Soto announced after 0500 (1000 GMT) that the government and the FMLN finalized the pending points of the 31 December agreement, thus "paving" the way for the 16 January signing of the peace agreement in Mexico City to end 13 years of bloody war.

The FMLN demobilization, which will be conducted in five stages, will be completed on 31 October, nine months after the end of the armed confrontation, which is formally scheduled for 1 February, De Soto explained.

The government-guerrilla negotiations lasted almost nine days—three more than scheduled. They were working to resolve the points that were pending from 31 December: the timeframe for implementing the commitments, how to demobilize the guerrillas, and how to reintegrate them into Salvadoran civil and political life.

De Soto said the Armed Forces reduction, which will be carried out in 24 months, is not included in the schedule because "it is a matter of commitment" on the part of the government with the United Nations, which will verify its compliance, and not "properly noted" in the agreement. Other parts of the Armed Forces agreement are included, such as the dissolution of the BIRI, he said. The schedule is six to seven pages long, making the peace agreements over 100 pages long, he said. De Soto expects they will be made public on 16 January.

The negotiation was "arduous, but highly satisfactory," according to Peruvian De Soto, who began to mediate between the two parties in April 1990. Although the last few days were "very difficult," he said that "we had been atop Mount Himalaya. What we climbed this time was the Guazapa Volcano" in El Salvador, he concluded.

Timetable for FMLN, Army Demobilization

PA1401153292 Mexico City NOTIMEX in Spanish 1419 GMT 14 Jan 92

[Text] New York, 14 Jan (NOTIMEX)— The timetable for the implementation of the Salvadoran peace agreements contains approximately 100 dates. The final text will be issued in Mexico City on 16 January.

On 16 January, the Salvadoran Government and the Farabundo Marti National Liberation Front [FMLN]

will sign overall peace agreements in the presence of presidents of friendly countries, the UN secretary general, and U.S. Secretary of State James Baker.

Following are some of the dates and important data supplied, in advance, by members of the negotiating teams:

24 January 1992	Day "A"	Legal establishment of the National Commission for the Consolidation of Peace, Copaz
1 February 1992	Day "D"	The cease-fire goes into effect

FMLN Demobilization

1 May 1992	D + 90	Reincorporation of 20 percent of the FMLN into civilian life.
31 May 1992	D + 90	Reincorporation of another 20 percent of the FMLN into civilian life.
30 July 1992	D + 180	Reincorporation of another 20 percent of FMLN into civilian life.
28 September 1992	D + 240	Reincorporation of another 20 percent into civilian life.
31 October 1992	D + 273	End of the demobilization and FMLN military structure, its reincorporation into civilian life is consolidated.

Purge of the Army

1 February 1992	"D" Day	Cease-Fire enters into force.
17 July 1992	D plus 167	Deadline for the elimination of the first Rapid Deployment Infantry Battalion (BIRI).
30 November 1992	D plus 293	Deadline for the elimination of the fifth and last BIRI.

Other Relevant Dates

31 December 1991	Government and FMLN sign "New York Agreement" in which they promise to begin the halt of hostilities in February 1992.
13 January 1992	Government and FMLN sign "New York Agreement II," which sets a timetable to implement the peace agreements.
16 January 1992	Signing of the Comprehensive Peace Agreement in Mexico City.
1 May 1992	Deadline for the beginning of operations by the new police academy. Deadline for the government to promote the legislative decree legalizing the FMLN as a political party.
1 Feb to 31 Oct 1992	During this period, civilian defense and cantonal patrols are reduced. The National Intelligence Directorate, National Guard, and Treasury Police disappear. The National Police enters into evaluation.
31 October 1992	End of period to halt armed confrontation.

The New York Agreement II includes a clause authorizing Onusal [UN Observers for El Salvador], which is the UN mission for the verification of the agreements in El Salvador, to set any date that is not established in the agreements.

Rebel Radio Comments on Results of Negotiations

PA1401000592 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 12 Jan 92

[Station commentary: "Who Won in the Negotiations?"]

[Text] Now that the war is about to end, many people are asking the following question: Who won? Logically, there will always be a winner and a loser in every war. The war has ended in our country and the answer to that question is simple: The Salvadoran people have won. The FMLN [Farabundo Marti National Liberation Front] won as the force that has struggled, is struggling, and will continue to struggle for the people's goals. The great losers are the extreme right wing groups, which are now in mourning.

Why did the people win? The struggle launched many years ago by the FMLN and the people sought to abolish social injustice, achieve true democracy, and attain peace in our country. The steps to achieve those goals have been taken. The groundwork has been laid for the full development of agrarian reforms. The goal of placing the land in the hands of those who till it and the guarantees to make that land produce have been achieved. It is all included in the peace agreements.

There can be no democracy in a country where the Armed Forces and security corps serve the rule of death. Referring to that, the National Guard, Treasury Police, National Police, and Civil Defense will soon disappear; the Armed Forces will be reduced and purged; and unpunished acts will end. The Armed Forces, once reduced and purged, will operate under a new doctrine that does not grant a license to repress demonstrations, murder people, set fire to the countryside, or bombard civilians as it has done until today. Because of all that and much more, the people have won; that is why the victory celebrations have started. All the people have started to shout: We won the war for the sake of democracy and peace!

Why did the extremist right wing groups in our country lose the war? They have been defeated because we have removed their fangs, with which they used to sow terror and death to remain in power. They never agreed that their misnamed security corps should disappear. They never agreed that their Armed Forces should be reduced and purged because it was the protector of their economy and system of government. They never agreed that the land should be distributed among the peasants. Nevertheless, everything has been achieved because they have been defeated by the Salvadoran people. Now those groups are in mourning and they are preparing to mourn

their defeat with death threats to religious groups. They also are ridiculously urging the people to honk their horns as if all the Salvadorans had an automobile.

Salvadoran people, we have won! We will change the unfair structure of this country! We have attained peace! The struggle for democracy continues! Let us all join the struggle for democracy!

Ministry Communique: FMLN Attitude Warmongering

PA1201162592 San Salvador DIARIO EL MUNDO in Spanish 9 Jan 92 p 3

[Text] A Defense Ministry communique released through the Armed Forces Press Committee says that "in spite of the agreements signed in New York on maintaining an atmosphere proper for implementing unilateral decisions to prevent all military activities," members of the mid-level command of the Farabundo Marti National Liberation Front [FMLN] maintain a warmongering attitude of violent actions that do not constitute a definite step for reaching peace in the country.

The communique adds that "even though the agreements have been disseminated widely for all to understand and implement, various recalcitrant cadres within the FMLN are openly opposing what their top leaders and the government delegation have agreed to by signing the New York Agreement at the end of 1991."

The communique then says that "it has been observed that some FMLN groups that do not support the peace process continue to make public their disagreement. Those groups are more inclined to maintain a radical attitude described as contrary to national life because they are completely opposed to the agreements for the reconciliation of all Salvadorans."

The Defense Ministry pointed out that "in the last few days some FMLN commanders have made statements to the media that clearly demonstrate their warmongering attitude toward the spirit of peace that El Salvador wants. On various occasions, they have said they want to keep their weapons as a true guarantee until they are given their share in the structure of power."

The Defense Ministry communique concludes by urging the groups opposed to the peace process to set aside all hostile and warmongering attitudes.

'Extreme Right' Group Threatens Church Leaders

PA1001043892 San Salvador Radio Cadena YSKL in Spanish 1700 GMT 8 Jan 92

[Report by Rene Hurtado]

[Text] An extreme right clandestine group has appeared and made death threats against Council of Churches members. Pay attention to this communique, which was made public 8 January by the Council of Churches.

The communique reads:

On behalf of the entire nation and as evidence that we are unwilling to turn over our fatherland to decadent communism, we are threatening death against members of the National Council of Churches. According to the communique from the Secret Army of National Salvation [Ejercito Secreto de Salvacion Nacional], the threatened members are as follows: Victoriano Jimeno, Medardo Gomez, Hugo Magana, Nora Carolina Fuentes, Carlos Najera, Roberto Palacios, Julio Cesar Grande, Ignacio Mesa, Santiago Flores, Luis Serrano, and Angel Ibarra. The communique from the Secret Army of National Salvation states that, according to its intelligence services, they are all members of the Salvadoran Communist Party and throughout the war have actively contributed to the search for economic and logistic support from churches and other similar organizations for the FMLN [Farabundo Marti National Liberation Front].

The communique from the extreme right Secret Army of National Salvation states that betrayal of the fatherland cannot go unpunished. The communique is signed by the National Army of National Salvation and is dated 6 January.

Council Directors React

PA1001165792 San Salvador Radio Cadena YSU in Spanish 1800 GMT 8 Jan 92

[Report by Enrique Lemus]

[Text] Members of the board of directors of the National Council of Churches were threatened with death by the self-styled Secret Army of National Salvation. The threat was made on 7 January in a communique stating that the clergymen belong to the communist party and that they actively cooperated during the war in the search for economic and logistical financing for the FMLN [Farabundo Marti National Liberation Front].

Merardo Gomez, vice president of the National Council of Churches, after reporting on the threat, said that this is the reaction of the groups that are losing privileges because of the arrival of peace in the country.

[Begin recording] [Gomez] On 7 January we received a death threat. It was not just a death threat, but a death sentence from the Secret Army of National Salvation. It is easy to see that the most important reason for that is the elimination of some repressive groups. When we think of who would be disappointed with peace and who would be angry because they will lose their privileges, we believe it is that harsh, radical sector. God willing, with the peace process that has just begun, they will change little by little.

[Reporter] [Question indistinct]?

[Gomez] We are not going to obstruct our [word indistinct]. On the contrary, God's spirit in these cases makes us believe in the spirit of resurrection. [end recording]

The members of the National Council of Churches demanded an extensive investigation of that threat from the government and asked that an end be put to it.

The Lutheran Church bishop said such actions do not contribute to peace and said that process will not be stopped.

[Begin recording] [Gomez] It is not by killing that peace is attained. If they want revenge for the achievements that have been reached in favor of peace, they will have to sacrifice the people because it is the people's victory. We feel honored to be held responsible for that victory. [end recording]

The clergymen who were threatened were the president of the National Council of Churches, Victoriano Jimeno, Vice President Medardo Gomez, Hugo Magana, Flora Carolina Fuentes, Carlos Najera, Roberto Palacios, Julio Cesar Grande, Ignacio Mesa, Santiago Flores, Luis Serrano, and Angel Ibarra.

The members of the Council of Churches said that international church representatives have already shown their solidarity with the clergymen. The threat has already been reported to the various human rights organizations in the country.

Bishop Predicts War Fronts Will Remain Active

PA1401001692 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 13 Jan 91

[Text] San Salvador Auxiliary Bishop Msgr. Gregorio Rosa Chavez stated on 12 January that even after the signing of the peace agreements between the government and the Farabundo Marti National Liberation Front on 16 January, other war fronts will remain active. He added that dismantling the fronts is one of the first tasks that should be carried out to attain true reconciliation in this country, which has been torn apart by a civil war that lasted almost 12 years and claimed, according to humanitarian groups, over 75,000 lives.

We would like to have the pleasure of saying that peace in El Salvador will prevail with the agreement to be signed in Mexico, the bishop stated during his Sunday homily; however, he added that although the fierce fighting will be a thing of the past, other less visible war fronts may remain active.

Following mass, Msgr. Rosa Chavez told the media he was referring to extreme right wing groups that have made themselves known recently by threatening clergymen and intimidating the press with certain actions, such as the bomb attack on a car belonging to foreign reporters on 31 December. He added: some ideological groups have yet to show a commitment to reconciliation, and the privileged groups must still learn to share. Rosa Chavez said that those fronts represent minority yet powerful groups that may create a great deal of suffering in the country.

During his homily, he noted that it is understandable that fears may be stronger than hopes in the postwar period. They are reasonable fears because many weapons will be hidden. In addition, nobody can ensure that extremist groups are going to renounce willingly their sinister goals, he stated. The fear is that there may be reprisals owing to a lack of security for the people or increased unemployment, but the main fear is that the agreements will not be kept, he noted.

He also stated there are great reasons to maintain hope, the biggest being the possibility of seeing the reconciliation of Salvadoran society, which has been shattered by the harsh experience of war. We cannot lightly say that the war is over and peace has come, Rosa Chavez told reporters. He said that the process of reconciliation must be taken seriously as the signing of the agreements constitutes a seed of peace, although the true end of the war will hinge on compliance with the agreements.

He also deemed necessary an amnesty within the framework of national reconciliation but stated that its limits must be carefully analyzed. The prelate said that the concept of a blanket amnesty is dangerous because it fosters resentment, which could bring more violence.

He recalled the action of a soldier who had detonated his grenade, killing a policeman and a 16-month-old baby, and the en masse and violent recruitment of young men in the past few days. He said that the case of the soldier, who was perilously armed and drunk, should make us reflect on the sort of man who has been forged by 12 years of fratricide struggle. It is a man who has lost his inner balance and his capacity for dialogue, respect, and love, he said.

FMLN Commander Denies Abandoning Guazapa Hill

PA1201151492 San Salvador Radio Cadena YSU in Spanish 1800 GMT 9 Jan 92

[Report by Balmore Parada]

[Text] On 8 January, the Farabundo Marti National Liberation Front [FMLN] denied that guerrillas abandoned Guazapa Hill, as reported by some local media. According to an afternoon newspaper, FMLN rebels have left camps located near Los Ramirez village in Guazapa Hill.

Joel Sanchez, commander of the Modesto Ramirez Central Front in Guazapa Hill, stated that the FMLN still maintains control over its territories.

[Begin Sanchez recording] We maintain control over the entire hill. Our camps....[pauses] We maintain control over all of our territories. We have not abandoned any camp. We are entering a process of preparation of our forces. We have schools....[pauses] Up until now, our structures remain intact and are at a normal level.

We are training many new young people, who have joined the FMLN. We are expecting the verification

process to start. Our structures maintain military and technical readiness and we remain alert in the areas under our control. The reports that we are leaving the Guazapa Hill area are false. We maintain control over our territories, expecting the signing of the cease-fire on 16 January. [end recording]

Following the signing of the cease-fire agreement, the guerrillas will remain in areas under FMLN control because they have to wait for the UN verification process.

Commander Joel Sanchez also stated that peace will be attained on 1 November because during the informal cease-fire period, armed actions still continue.

[Begin Sanchez recording] The [words indistinct] process of the agreement will last approximately one month. The cease-fire is expected to take place between 1 February and 1 October. The United Nations will have a permanent task of overseeing the cease-fire.

We believe that peace will start on 1 November. On that day, we will say that peace has been effectively attained. During the month of the informal cease-fire, the enemy is still conducting patrol operations, there has been fighting in Chalatenango and other places. Here in Guazapa Hill, we stand ready to repel any Armed Forces attack. [end recording]

The FMLN will continue to exercise control over some areas of Salvadoran territory to favor the unilateral truce, the negotiation process, and the signing of the cease-fire, commander Joel Sanchez reiterated.

Commentary on Continued Armed Forces Conscription

PA1201143692 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 0000 GMT 8 Jan 92

[Commentary: "What Lies Behind the Conscription?"]

[Text] Even though the New York agreements explicitly forbid conscription, the Armed Forces continue that brutal activity characteristic of a gorilla dictatorship. The peace agreements state that conscription is a crime; there is no justification to continue kidnapping youths from poor areas. There has never been justification for such a degrading action and that is why the FMLN [Farabundo Marti National Liberation Front] defended the suspension of conscription activities during the negotiations.

The people now want to know why some military commanders continue with that savage system of separating youngsters from their families and homes when a peace agreement has been signed. Could it be that they are preparing to continue the war? Could it be the way the military expresses its displeasure about the peace agreements? Could it be that something wrong is going on—like corruption?

We believe there is a little of everything. The truth is that, as the people know, the military continues to collect the salaries of many dead soldiers and—now that the United Nations prepares to investigate the illegal acquisition of riches and to verify the number of troops claimed by the Armed Forces—they have to complete the lists with the new recruits. The people and the United Nations must realize that and those conscripted after 1 January cannot be included in the verification process.

Moreover, the unexpected and unexplainable conscription is a sign of rejection from the Armed Forces hardliners who oppose the peace agreements. Their rejection is also evident in their military operations and the attacks on the media, the church, and the civilian population. If President Cristiani wants to advance toward a national reconciliation, he must order the immediate suspension of conscription activities and actions, which are totally opposed to the peace spirit. Otherwise, he will provoke an angry protest among the people that support the New York agreements.

The military must understand, once and for all, that El Salvador will never again be the same, that unpunished acts are about to end, and that it is best to set aside those radical and backward attitudes that lead nowhere.

UND Leader Comments on Agreements, Sites

PA1001194392 San Salvador LA PRENSA GRAFICA in Spanish 9 Jan 92 p3

[Text] The timetable for implementation of the peace agreements, which the government and the Farabundo Marti National Libeation Front [FMLN] are currently negotiating in New York, is based on the criteria of "guarantees," Mario Aguinada Carranza, Nationalist Democratic Union [UND] Deputy, said on 8 January. He added that he supports the New York peace agreements signed at 0000 on 31 December as the document to promote changes and to make military power subordinate to civilian power. He explained that the documents establish the locations where each force will remain as of 1 February, when the final cease-fire enters into force. He mentioned that a second movement will take place on 5 February.

The FMLN will move to 21 sites in nine departments. The locations where the FMLN will remain, as agreed on by the sides and the United Nations, are: La Reina, Dulce Nombre de Maria, and San Antonio Los Ranchos in Chalatenango Department; El Paisnal in San Salvador Department; Guazapa Hill in Cuscatlan Department; El Zapote, Tejutepeque, and Santa Maria in Cabanas Department; Tecoluca in San Vicente Department; El Carmen Canton in Chichontepec Volcano area in La Paz Department; San Agustin and San Francisco Javier, La Pena, Las Marias, and Jocote Dulce in Usulutan Department; Perquin, Jocoaitique, Las Isletas, Los Castillos, and Yamabal in Morazan Department; Sesori in San Miguel Department; and Nueva Granada in Usulutan Department.

The places where each force will gather as of 1 February, when the final cease-fire becomes effective, have already been established.

The FMLN will gather in those areas from 1 February to 31 October, when the rebels are to join the political mainstream, and the agreements on the Armed Forces reduction are to be kept, and the National Civilian Police is to be created.

Deputy Aguinada Carranza stated that the disarmament of the FMLN will be done by a timetable. That is under discussion in New York, as are the topics of the army reduction and purge.

The Army will gather, according to the document, in all military detachments, or a total of seven of them, in six military brigades, in training centers, and in military bases. Meanwhile, the FMLN as well as the army will be supervised by the blue helmets of the United Nations. The forces will not be able to leave their areas without the permission and control of the UN Observers for El Salvador.

One of the topics being worked out by the two sides is establishing the dates for the disbandment of the Treasury Police, National Guard, Civil Defense, and the rapid deployment battalions as well as the FMLN's demobilization process, the deputy said.

On the matter of converting the FMLN into a political party, the deputy felt that it does not need amnesty, since the constitution grants a special concession to persons who have been sentenced. According to the deputy, the reincorporation of the FMLN into the political and civil mainstream takes place within the framework of the New York Agreements of 31 December.

Clandestine Radio Station Plans Move to Capital

PA1201150792 San Salvador Canal Doce Television in Spanish 0300 GMT 11 Jan 92

[Report by Fausto Valladares in Joateca, Morazan Department]

[Text] Radio Venceremos celebrated 11 years of broadcasting on 10 January and has now abandoned its clandestine location in the mountains. Its modest and limited equipment was transferred to a town for the first time. Radio Venceremos director, Commander Santiago, whose real name is Carlos Henriquez Gonsalvi, revealed on 10 January that Radio Venceremos will continue its broadcasts, but it will no longer hide from military operations. The negotiations have given the clandestine radio station and other FMLN [Farabundo Marti National Liberation Front] media an opportunity to install themselves in San Salvador, Commander Santiago added.

[Begin Commander Santiago recording] It is a frequency no one gave us; it is a frequency that we earned with our people's blood, sacrifices, and heroism. We will be in San Salvador and we will try to become the ears, heart, and mind of our people. We want to share with all the media the enormous responsibility of helping reunite Salvadoran society. [end recording]

The FMLN communications official admitted before the local and foreign media gathered in Joateca, 21 km east of the capital, that this conversion will be the most difficult phase for the radio station. He asserted the station will not abandon the principles for which it was created.

[Begin Commander Santiago recording] It will perhaps be the most difficult phase for Radio Venceremos because we will have to compete with you—who have played such a courageous role. You, the journalists, have created political opportunities and you have built democracy; it will be difficult for us to compete with you. Nevertheless, we believe that you have taught us a lot and we will share that new phase of reconciliation and reconstruction with you. I believe that the radio station should never give up its guerrilla spirit. We are both guerrilla fighters. If you lose your guerrilla spirit and the mystique, then you are not a journalist. [end recording]

Radio Venceremos is run by the FMLN and has operated clandestinely for 11 years from the mountains in Morazan Department. Commander Santiago says he is convinced that Radio Venceremos will leave the mountains in a short time and establish itself in the capital.

Spanish General Appointed Onusal Commander

PA1101042892 Madrid EFE in Spanish 1355 GMT 10 Jan 92

[Text] Madrid, 10 Jan (EFE)—Spanish Army General Victor Suanzes has accepted the command of Onusal [UN Observers for El Salvador], the UN military contingent that will supervise the enforcement of human rights agreements in El Salvador, Defense Ministry sources told EFE.

Suanzes, 55, has been commander of Onuca [UN Observer Group in Central America], a UN peace mission in Central America scheduled to end soon.

The sources said the United Nations consulted the Spanish Government concerning the possibility of sending a contingent of approximately 100 soldiers to El Salvador. The request, as yet unofficial, is being studied by the Defense Ministry. The soldiers will join 32 others who—under the UN flag—have been assigned to Onuca and will now travel to El Salvador. Six others have been in the country since the Onusal mission began.

In addition to the military contingent, Spain will send another, comprised of Civil Guards and National Policemen, that will also cooperate in El Salvador's peace process once peace is reached between the government and the guerrillas and the fighting ends.

The document will be signed on 16 January in Mexico City, and the ceremony will be attended by Spanish Prime Minister Felipe Gonzalez, along with other leaders.

Agreement on Armed Forces Purge, Reform

PA1301203692 Panama City ACAN in Spanish 1520 GMT 13 Jan 92

[Text] San Salvador, 13 Jan (ACAN-EFE)—Following is the full text of the agreement on reforms and the purge of the Salvadoran Armed Forces, one of the most important peace accords achieved by the government and the guerrillas, which will be signed on 16 January in Mexico.

Like the other documents, this document on the Armed Forces, which has not been previously disclosed, contains points that are pending negotiation in the talks that were extended again for 13 January in New York.

I. Doctrine Principles of the Armed Forces

The Armed Forces doctrine, based on the constitutional reforms approved in April 1991, will conform to the following principles, which from now on will be based exclusively on the Armed Forces' institutional administration and education system; and its actions will be restricted to the strict observance of same:

A. The Armed Forces has the mission of defending state sovereignty and territorial integrity, under the terms of administration defined by the Constitution and the law. Compliance with same goes together with democratic values and strict adherence to the Constitution in every aspect.

B. As established by the Constitution, the Armed Forces is a permanent institution that serves the nation; it is obedient, professional, nonpolitical, and nondeliberating. Its institutional administration and actions will also conform to principles resulting from the rule of law; the supremacy of human dignity and respect for individual rights; respect and defense of the sovereignty of the Salvadoran people; the notion of the Armed Forces as an institution alien to every political, ideological, or social bias and any other form of discrimination; and the subordination of the institution to constitutional authorities.

C. The Armed Forces must respect the political order established by the sovereign will of the people and every political or social change resulting from it, in keeping with the democratic procedures listed in the Constitution. Its institutional administration and actions will be defined to ensure friendly relations with civilian society, as well as the normal development of its members.

D. As a government institution, the Armed Forces has an instrumental, not decisionmaking, character in the political arena. Consequently, only the president of the Republic and the basic government organs will be able to use the Armed Forces to fulfill the provisions adopted, within their respective constitutional areas of authority. That will ensure full compliance with the Constitution. In addition, the aforementioned authorities will be exclusively responsible for verifying that the political and social changes mentioned in the paragraph above will be included in the Constitution.

E. The Armed Forces doctrine is based on the distinction between the concepts of security and defense. National defense, a responsibility of the Armed Forces, is aimed at guaranteeing sovereignty and territorial integrity in the face of a foreign military threat. Security, though part of the aforementioned notion, is a broader concept based on full respect for societal and individual rights. In addition to national defense, security encompasses economic, political, and social aspects that go beyond the constitutional authority of the Armed Forces, and whose responsibility is that of other sectors of society and the state.

F. The preservation of internal peace, tranquility, order, and public security is outside the ordinary mission of the Armed Forces as an institution responsible for national defense. In such instances, any eventual use of the Armed Forces is absolutely unusual, to be exercised only when ordinary means have been exhausted, and under the terms established by the constitutional reforms approved in April 1991.

II. Armed Forces Educational System

Reiterating the full extent of its previous agreements, whereby the professional training of the members of the Armed Forces will emphasize the importance of human dignity and democratic values, respect for human rights, and the institution's subordination to the constitutional authorities; the parties have reached the following agreements:

A. The legal framework of the educational and training system of the Armed Forces will be drafted based on what has been established by Articles 212 and 213 of the constitutional reform agreed to in April 1991.

B. The doctrinal framework of the educational system of the Armed Forces is defined by the principles described in Chapter I of this agreement. Such principles will be the basis of all educational and training programs of the Armed Forces at all levels.

C. The plans and programs of study aimed at the education and training of the Armed Forces will include, in addition to technical-military subjects, scientific and humanistic courses aimed at integral training; which will provide the students with the necessary background to participate in the country's institutional life and encourage a permanent harmonious relation with civilian society, as well as the student's normal development as one of its members.

D. To contribute to the efforts to achieve the objectives mentioned in the preceding paragraph, the members of the Armed Forces will be encouraged to take professional and graduate courses taught by the country's universities.

E. The Military Academy will have a university regimen in educational matters and its director will be the president of an academic council, formed by military and civilian professors. The members of the academic council will be appointed by the president of the Republic.

F. The National Commission for the Consolidation of Peace [Copaz] will decide on the number of members of the academic council, which will be jointly composed of civilian and military members.

G. The civilian components of the academic council will be appointed by the president, based on criteria of political pluralism, from groups of three candidates proposed by Copaz.

H. The teaching body will be appointed by the academic council, which will ensure that no single political tendency prevails.

I. The director of the military academy will be appointed by the president of the Republic.

J. The admission system will be determined by the academic council and will ensure it is not discriminatory.

K. Copaz will supervise compliance with Sections G, H, and J under the terms stipulated in the 25 September 1991 New York Agreement.

III. Purge

A purging process within the Armed Forces has been agreed upon in the framework of the peace agreements to accomplish the supreme objective of a national reconciliation based on the evaluation of all its members by an ad hoc commission.

A. The evaluation will consider the background of each officer, including:

1. His record on observance of the law, with a special emphasis on respect for human rights, both in his personal conduct as well as with the strictness he may have ordered the correction and punishment of human rights violations or abuses which may have occurred under his supervision.

2. His professional capabilities.

3. His ability to conduct himself under the new conditions of peace within the context of a democratic society, as well as to promote the democratization of the country, guarantee a strict respect for human rights, and reunify Salvadoran society, which is the common goal of the parties in the Geneva Agreement.

The existence of serious deficiencies in any one of the aspects mentioned above, is sufficient grounds for the decisions that must be made by the ad hoc commission according to Paragraph G of this chapter.

B. The evaluation will be done by a strictly impartial ad hoc commission, formed by three Salvadorans known for their independence and unblemished democratic background. Two Armed Forces officers of unblemished professional performance will also participate. They will only participate in the commission's deliberations, not in the investigatory phase. They will, however, have access to the findings of the commission.

The selection of the three civilian members of the ad hoc commission will be a result of consultations carried out by the UN secretary general, who is to inform the two sides on the same date about the results of the process. The president of the Republic will issue, within five days following the agreement, the document legalizing the commission. The same procedure is to be followed to fill a vacancy in the commission. The president will appoint the two Armed Forces officers who will participate in the ad hoc commission.

C. The truth commission [Comision de la Verdad], created by the Mexican Accords of 26 April 1991 (henceforth "the Truth Commission") may appoint an observer to the ad hoc commission.

D. The ad hoc commission will have the civilian support personnel it deems necessary.

E. The Defense and Public Security Ministry, as well as any other public entity, will provide any information requested by the ad hoc commission, including the service record of every officer. In every case, the ad hoc commission may use information from any other source it deems reliable.

F. The ad hoc commission will adopt and, if need be, request all the measures it deems necessary to protect itself, as well as to protect the physical and moral well-being of individuals, regardless of their position.

G. The ad hoc commission will adopt its conclusions, following a meeting with the persons involved, based on the terms established in Paragraph A of this chapter. The conclusions may range from a change of command [destino] to, if appropriate, the discharge of the serviceman under review.

H. The ad hoc commission will strive to adopt unanimous decisions. If that is not possible, a majority vote will be sufficient.

I. The evaluation will be extended to NCO personnel if the ad hoc commission recommends it.

J. The ad hoc commission will conclude its review within three months. Administrative decisions based on the findings of the evaluation will be adopted within 30 days following the date the government is notified and will be implemented within 60 days from the same date.

K. The results of the evaluation will not hamper the enforcement of recommendations by the Truth Commission.

IV. Reduction

The new reality of peace will result in a reduction in the Armed Forces. Its scope will be adjusted to the functions assigned by the Constitution, within the framework of the constitutional amendments from the Mexican Accords, as well as to its doctrine. In view of the above, and in implementing the New York agreements, the government has submitted to the UN secretary general a

plan for the reduction of the Armed Forces. The secretary general has informed the Farabundo Marti National Liberation Front about the plan. The implementation of this plan should produce, as a practical consequence, the reduction of the different branches of the Armed Forces.

A. Organization: The organization of the Armed Forces will correspond to its institutional mission in peacetime, with an arrangement of the functions assigned to it by the Constitution, that entails:

1. the appropriate unit to fulfill different tasks corresponding to said mission;

2. the appropriate structure, organization, and equipment in terms of weapons, service, category (rank), and speciality; and

3. the personnel needs, according to unit, mission, and rank.

B. Units:

1. The reduction of the units will be based on the new organization of the Armed Forces. The number and kind of units will be adjusted to said organization.

2. In every case, the reduction covers units created as a result of the conflict.

C. Personnel: The new organization and the reduction of the units entail the reduction of Armed Forces personnel in various categories, branches, services, or specialties. The number of officers will be reduced in line with the reduction plan and in accordance with the normal needs of an army.

D. Materiel and Equipment: Materiel and equipment will be adapted to the new organization, to the new doctrine of the Armed Forces, and their constitutional mission.

E. Installations: The reduction entails the reconversion, return, or elimination of installations that will no longer be used by the Armed Forces.

F. Administrative and Service Structures: All the administrative and service structures will be adapted to the new reality of peace and to the doctrine and new constitutional mission of the Armed Forces.

G. Military expenditures (pending).

V. Overcoming Unpunished Acts

It is recognized that all assertions of unpunished acts by Armed Forces officers must be clarified and overcome, especially in cases in which respect for human rights is involved. To that end, the sides leave to the Truth Commission the analysis and solution of that point. All without detriment to the principle, which the sides equally recognize, that incidents of this nature, regardless of the sector from which their perpetrators come, must be the object of exemplary action by the courts of justice, so that the penalties established by the law are applied against those who are found to be responsible.

VI. Public Security Corps

A. In accordance with the constitutional reform stemming from the Mexico Agreements, the National Civilian Police [PNC], which will be under the direction of civilian authorities, will be in charge of preserving public security, order, calm, and peace in both urban and rural areas. The PNC and the Armed Forces will be independent and will be under different ministries.

B. Under the terms of the agreement the sides will sign on that same date, the PNC will be a new body, with a new organization, new cadres, new education and training mechanisms, and a new doctrine.

C. The National Guard and the Treasury Police will be eliminated as public security corps. Their members will be incorporated into the army.

VII. Intelligence Services

A. The National Intelligence Directorate will be eliminated and state intelligence services will be entrusted to a new institution that will be called the State Intelligence Organization [Organismo de Inteligencia de Estado]. It will be subordinated to civilian power, under the direct authority of the president of the Republic. During the transition period, the director of the State Intelligence Organization will be a civilian appointed by the president of the Republic on the basis of broad acceptance. The director can be removed by the Legislative Assembly for grave violations of human rights.

B. The legal regime, the training of personnel, organizational guidelines, operational directives, and, in general, the doctrine of the State Intelligence Organization will fall within the framework of democratic principles; of the concept that state intelligence is a function of the state for the common good, free of any consideration for politics, ideology, or social position or any other discrimination; and of strict respect for human rights.

C. The activities of the State Intelligence Organization must be confined to what is required for the gathering and analysis of information in the general interest, by the means and within the limits authorized by the legal order and, particularly, with strict respect for human rights.

D. The activities of the State Intelligence Organization will be supervised by the Legislative Assembly, in accordance with the control mechanisms established by the Constitution.

E. Employment and compensation options will be offered to those personnel currently working for the National Intelligence Directorate who are not incorporated into the new State Intelligence Organization. International support will be requested for that purpose.

F. The incorporation into the State Intelligence Organization of the National Intelligence Directorate personnel

who so request it will be possible only after rigorous evaluation of their background, capabilities, and aptitude to adapt to the new doctrine. Such evaluation will be conducted by the director of the organization, under the authority of the president of the Republic, with the support of international advice and verification by the United Nations.

G. The State Intelligence Organization will be organized by its director, under the authority of the president of the Republic.

VIII. Rapid Deployment Infantry Battalions

It is accepted that the rapid deployment infantry battalions were formed at a specific point in the conflict. It is, consequently, also accepted that the rapid deployment infantry battalions will not be necessary in the new reality of peace and, thus, can be liquidated and their personnel relocated.

IX. Subordination to Civilian Power

The president of the Republic, within the discretionary authority bestowed on him by the Constitution, will be able to appoint civilians to the position of defense minister. In that respect, the persons appointed should agree to comply with the peace agreements.

X. Paramilitary Organizations

A. It is accepted that all organizations or paramilitary groups must be banned under a state of law.

B. Civil Defense: The civil defense force will be liquidated, gradually and subject to the implementation schedule of the peace agreements.

C. Armed Forces Reserves: A new Armed Forces reserve system will replace the current Territorial Service and will operate according to the following terms:

1. The Armed Forces Reserves will have the responsibility of organizing and operating the following: 1) An up-to-date register on the citizens who are in the reserves and of those who are suited for military service; 2) A system to update the reserve personnel's military skills; 3) Procedures to call up reserve personnel when they are required to enter active duty to carry out the mission assigned to the Armed Forces by the Constitution.

2. The new Armed Forces Reserves will be under the defense ministry.

3. The Armed Forces Reserves will only carry out missions once they have entered active duty and in conformity with the Constitution. It will not carry out public security or population and territory control tasks.

4. The valid laws, regulations, and decrees on this subject must be made to agree with the terms stipulated in the current agreement.

D. Regulations for Private Security Services: The parts admit the need to regulate the activities of all those organizations, groups, or people who give security or protection services to individuals, firms, or state institutions, so as to ensure the openness of the private security services' activities, as well as their strict adherence to the law and respect for human rights. To that end:

1. A special law will regulate the activities of the organizations, groups, or people who give security or protection to individuals, firms, or state institutions. Said law will establish the requirements to offer and to render such services; a public record of their personnel, weapons, and different offices, if they should have them; of the groups, organizations, or people rendering private security services; the establishment of appropriate control mechanisms, which may be supervised by the National Civilian Police; and, in general, the necessary restrictions and constraints to ensure that private security services operate entirely within the law.

2. The law will also establish peremptory deadlines to comply with the aforementioned requirements whenever pertinent. The organizations that have not complied with the aforementioned requirements once the deadline has passed will be considered lawless and its members and organizers will be subject to the corresponding legal penalties.

3. To that end, the parts agreed on in the outline for the legislative bill are included as an annex to the current agreement and are being sent to Copaz, with other considerations, so that Copaz may prepare the corresponding bill.

XI. Suspension of Forceable Recruitment

A. Any form of forceable recruitment will be suspended when the end of the armed confrontation becomes effective, until such time the law referred to in the subsequent paragraph is enacted.

B. A new law on military service and reserves will be promulgated. That law will establish the following basic tenets of military service: the universal, obligatory, nondiscriminatory, and equal nature of its fulfillment.

C. According to the above, the law will establish that every Salvadoran must report in a timely manner to the appropriate conscription center. Recruitment will be effected exclusively based on lotteries and registration of volunteers. Military service can be continuous or discontinued.

D. The law mentioned above will contemplate administrative penalties for whose who do not fulfill the obligations stipulated therein; it will determine the causes for temporary or permanent absences and the equivalent duties in the various fields of military service and other general provisions.

E. The law will also regulate the Armed Forces reserves in conformity with Paragraph C of Chapter X of the present agreement.

XII. Preventive and Promotion Measures

Within the context of the objectives of this agreement, the need is recognized to adopt certain measures to promote the better fulfillment of Armed Forces regulations and to prevent violations of same. Such measures include the following:

A. Supervision of Armed Forces activity by the Legislative Assembly.

B. The effective operation of the Armed Forces Inspector General's Office. The inspector general will be a member of the Armed Forces with a spotless background, designated by the president of the Republic.

C. Creation of the Armed Forces Honor Tribunal to judge cases which, although not necessarily punishable, attack military honor. That does not preclude the soldiers being brought before justice tribunals.

D. Reforms to the law to punish illegal enrichment, expressly including within its jurisdiction the commanders of higher military units and those who hold administrative posts on the same level.

E. Cancellation of permits to private individuals to carry weapons to be used exclusively by the Armed Forces and immediate collection of them.

F. Dissemination of the Armed Forces doctrine so that it will be learned by all society.

G. Adaptation of the Armed Forces Law to make it consistent with the constitutional reforms approved in April 1991, the New York Agreement, and the present agreement.

XIII. Relocations and Discharges

A. The relocation in the Armed Forces of the members of those units subject to being eliminated or dissolved will be carried out, provided the relocation is compatible with the number of Armed Forces troops contemplated in the objectives of this agreement and in the conclusions and recommendations of the ad hoc commission set forth in Chapter III.

B. All members discharged in the wake of the agreements will be indemnified with one year's wages. The government will strive to carry out projects to reintegrate them to civilian life.

XIV. International Verification

The United Nations will verify fulfillment of the present agreement with the cooperation of the authorities charged with executing it.

Guatemala

Government To Respect Cubans' Self-Determination

PA0901211192 Guatemala City PRENSA LIBRE in Spanish 7 Jan 92 p 4

[Text] Foreign Minister Gonzalo Menendez Park has commented on the current situation in Cuba, saying that the Guatemalan Government will respect any decision made by the Cuban people, as long as it is the result of a democratic process.

He stressed that Guatemala respects the principles of nonintervention in the internal affairs of other countries and self-determination of peoples. President Serrano's government will respect any decision made by the Cuban people.

Menendez Park recognized that Fidel Castro's government is facing serious problems, since it no longer receives aid from the former USSR. However, we will wait for the results of the process the Cuban people are now experiencing, he added.

Whether Cuban citizens choose the path of democracy or prefer the current one, Guatemala will respect that decision because it believes in people's self-determination.

Meanwhile, Solidarity Action Movement Deputy Rafael Rottmann Chang said that for many years the Cuban people have suffered the effects of a despotic and totalitarian government.

Times have changed, the people want to breathe democratic air; Castro has lost the support from the USSR. Those circumstances augur his imminent fall.

Rottmann added that Castro has no other choice. He must set aside his personal ambitions and call democratic elections as soon as possible. Otherwise, the Cuban people may rebel, and that would be disastrous for the noble Cuban people, he concluded.

Government Confident on Agreement With URNG

PA1301011992 Guatemala City SIGLO VENTIUNO in Spanish 7 Jan 92 p 4

[Text] Manuel Conde Orellana, head of the official commission taking part in the reconciliation dialogue with the URNG [Guatemalan National Revolutionary Unity], said on 6 January that the government is confident that a peace agreement may be signed during the first half of 1992.

The Presidency secretary general referred to the peace agreements signed by Salvadoran President [Alfredo] Cristiani and the Farabundo Marti National Liberation Front. He said that their situation is very different from Guatemala's because the URNG itself has said that what happened in El Salvador does not necessarily have to happen here.

"We believe that the peace agreement should be signed this year, we believe it should be that way, it should not be long. As part of the government we are committed and totally involved in this process, to which we will dedicate whatever time is needed, because the Guatemalan people have wished for peace for a very long time," Conde said.

"The peace we want has to do with not just the URNG, because it includes a great integration project that will benefit all sectors, without exception. For this reason our intention is to sign the peace agreements during the first part of 1992, because the people cannot wait any longer, they are tired of so much mourning and grief," Conde said.

He added that the next talks with the URNG could be after 20 January. "Our bags are packed and ready to travel anywhere to continue the discussions," Conde concluded.

Guerrilla Fighter Dies in Clash in Huehuetenango

PA1401003992 Guatemala City Teleonce Television in Spanish 0330 GMT 13 Jan 92

[Text] The Army has reported new clashes between military patrols and guerrilla groups. One of the most recent clashes occurred in the afternoon of 10 January in Huehuetenango Department, near the Mexican border.

A military report states that the clash took place when troops of Military Zone No. 19 were patrolling border area communities. A guerrilla fighter was wounded and died. After pursuing the guerrillas, the government forces discovered a guerrilla camp where weapons and war materiel were seized, the Army bulletin added.

Honduras

Foreign Ministry Asks for UN Observers Presence

PA1201203992 San Pedro Sula TIEMPO in Spanish 10 Jan 92 p 10

[Text] Tegucigalpa—The government has asked the United Nations to maintain the presence of observers at the border with El Salvador to prevent any incidents until the International Court of Justice [ICJ] rules on the border conflict with that country, Foreign Minister Mario Carias Zapata said.

"We want the United Nations to help us and we want the international community to be attentive so when the final ruling on the border and on the six impending sectors is issued, we can ensure the restoration of normal relations" between both countries, the diplomat said.

"The war and the bitterness that existed several years ago created misunderstandings in our relations. We hope a good-neighbor policy can be implemented so no more incidents or confrontations will take place," he added.

According to Honduran diplomats, the ICJ will issue a ruling in the first three months of 1992, ending the border dispute, which led to the so-called "soccer war" between Honduras and El Salvador in 1969.

Carias said that with the ICJ ruling, the Salvadoran expansionist claims over Honduran territory will be legally terminated. "Legally speaking, Salvadorans wishing to occupy Honduran lands, will not have that possibility," he said.

He said that following the ICJ ruling, we can talk about "new relations and instability should be avoided in the region to prevent incidents."

Carias called "for the presence of the Onuca [UN Observer Group in Central America] or some type of UN mechanism so any circumstance that could lead to incidents in this border region will be avoided."

On 7 January, the government asked for the presence of UN observers on the border with Nicaragua, after an announcement was made regarding the total redeployment of Onuca forces in Central America to El Salvador to verify the cease-fire.

In addition, Carias said El Salvador and Guatemala are not participating in a meeting this month held by a security commission seeking the reduction of military forces in the region.

"Guatemala and El Salvador told us that they had to make progress in their peace processes before showing any signs of a reorganization of the military forces in their respective countries," he said.

He said that in the case of El Salvador, President Alfredo Cristiani will make up to a 50-percent reduction in the Army.

Cuba Offers To Trade Medicine for Lumber

PA1301003492 Panama City ACAN in Spanish 1618 GMT 9 Jan 92

[Text] Tegucigalpa, 9 Jan (ACAN-EFE)—The local press reported today that Cuba has offered medicine to Honduras in exchange for lumber. This offer is being analyzed by the Economy and Public Health Ministries.

The proposal was channeled through Honduran Ambassador to Mexico Roberto Suazo Tome, and it has been said that several lumber companies are interested in accepting the proposal.

Honduras and Cuba do not have official diplomatic relations, but in recent years there has been a rapprochement in the commercial, parliamentary, and sports sectors.

Cuba's development in the field of health is recognized by the authorities in Honduras, where there is a growing shortage of medications and high prices due to the economic crisis and lack of foreign currency for imports.

* Agricultural Sector Modernization Law Presented

* Widely Supported

92CA0066A San Pedro Sula TIEMPO in Spanish 17 Dec 91 p 8

[Excerpts] Tegucigalpa—The National Federation of Farmers and Cattlemen of Honduras (FENAGH) and several other farmers' organizations submitted to President Rafael Leonardo Callejas on 16 December a preliminary draft of the Agricultural Modernization Law which has led to differences of view among even peasant leaders.

In a speech delivered at a ceremony at which the draft law was presented to him and which will be sent to the National Congress for its approval in 1992, President Callejas said: "Today I am sure that the Honduran agriculture of the future will be efficient and capable of giving us enough food to feed ourselves and sell its products in the world and in Central America."

The preliminary draft of the law was signed at Government House by leaders of the National Union of Peasants (UNC), the Federation of Honduran Agrarian Reform Cooperatives (FECORAH), the National Association of Honduran Peasants (ANACH), the Peasants' Alliance of Honduras (ALCHON), the National Center of Peasants of Honduras (CENACH), the Federation of Peasant Women (FEMUC), and the FENAGH.

The legislation is intended to promote in a "decisive manner the development of the reformed agricultural sector and smallholdings in general," providing full ownership titles to facilitate access to financing. [passage omitted]

The new legislation is opposed by the National Central Organization of Rural Workers (CNTC), which has warned that the proposed law will practically end the agrarian reform process.

President Callejas called the draft bill a "popular piece of legislation," due to the cooperation achieved in its drafting by peasant organizations and businessmen in the countryside.

Representatives of international financial organizations, diplomats, and especially officials of the Agency for International Development (AID) attended the ceremony at which the draft bill was turned over. AID officials are considered to be the sponsors of the legislation.

* Official Summary

92CA0066B Tegucigalpa LA TRIBUNA in Spanish 17 Dec 91 pp 8, 51

[Article containing part of the text of the official summary of the Agricultural Modernization Law; first six paragraphs are editorial introduction]

[Text] The draft Agricultural Modernization Law will permit renting land and will give farmers greater security of land tenure, according to a summary prepared by Government House.

At the same time it will reduce the activities of the National Agrarian Institute, "in those areas where its activities have failed notoriously, such as providing technical assistance to agriculture and extending loans," according to the summary document distributed by the government.

Peasant leaders initially opposed the draft law prepared by the Ministry of Natural Resources. They pointed out that permitting land rental and providing reasons for the expropriation of land meant taking a step backward in the process of agrarian reform.

At the same time the peasants rejected the draft bill because it reduces the activities of the National Agrarian Institute (INA). The INA itself also announced that it was opposed to the draft law, calling it "unconstitutional."

Nevertheless, several peasant leaders, including Nahun Calix, the president of FECORAH [Federation of Honduran Agrarian Reform Cooperatives], stated that in conversations with the FENAGH [The National Federation of Farmers and Cattlemen of Honduras] they had dealt with all of the points which affected the Agrarian Law.

Following is a part of the official summary of the draft bill, which will be presented to Congress at its next session:

4—Principal Points in the Agricultural Modernization Law

4.1 Land Tenancy

In this area as a whole the draft bill will decisively promote the development of the reformed, agricultural sector and smallholders in general. For this purpose it covers the following steps:

1—Providing full land ownership titles by awarding land to the beneficiaries of the agrarian reform. This measure is essential to facilitate access to financing by the producer and also to provide him and his descendents with secure, real property of unquestionable value.

2—Providing the beneficiaries of the agrarian reform with seed capital bonds for the acquisition of production inputs. These bonds will not be loans but grants and will be provided during the first three years after the acquisition of a full ownership title.

3—Providing equality of access to land to peasant women. In the Agrarian Reform Law the conditions under which women may be beneficiaries of the agrarian reform are much more limited than the conditions applicable to men. The draft bill proposes to apply identical conditions to both sexes. (When the first draft

of the bill was made public, this aspect was submitted independently to Congress as a separate piece of legislation and was approved.)

4—Cancelling mortgages with the INA in the case of death or total incapacity of the beneficiary. This provision offers economic protection to a peasant's widow which did not previously exist.

5—Establishing a land fund to facilitate access to the land for families which qualify as beneficiaries of the agrarian reform. The draft bill also contains concrete provisions for financing this fund, including, in a complementary decree, the use for this purpose of income coming from the sale of land transferred from BANADESA [National Agricultural Development Bank] to the INA.

6—Establishing a network of rural credit banks as private entities whose owners will be the beneficiaries of the agrarian reform themselves and whose seed capital will be obtained by the transfer of trust funds from the BANADESA to these rural credit banks after a process of reorganization of its portfolio.

7—Extending the right to a land title to holdings of any size, thus eliminating the discrimination in present legislation against the smallest producers.

8—Reconverting companies owned by persons benefiting from the agrarian reform by:

a—Providing certificates of economic contribution (shares of stock) to the members of those companies so that they can transfer and receive their value in case they decide to leave the company and will have a greater incentive to invest economically in improvements in the companies.

b—Giving freedom of choice on the forms of organization for production to the beneficiaries of the agrarian reform, in every case, so that they will not have to work under arrangements imposed by the state. (It should be emphasized that the seed capital bonds and other benefits of the law are applicable to companies owned by persons benefiting from the agrarian reform, in the same way that they are applicable to individual parcels of land.)

9—Ensuring the right of free transfer of land between beneficiaries of the agrarian reform. In case a beneficiary of the reform should wish to sell his land to someone who does not meet the requirements to be a beneficiary of the agrarian reform, he would have to pay a surtax, the taxable income from which would be added to the land fund and the rural credit banks, thus recuperating part of the value of the resources for the reformed sector.

10—Permitting co-investment in lands subject to the agrarian reform.

11—Ensuring that in co-investment contracts salaries are determined independently of profits.

As a whole the above measures will make a strong contribution to the development of the reformed sector and of independent, small producers, breaking the principal barriers which have limited their opportunities for economic, financial, and social development.

In the area of land tenancy the draft bill proposes still other actions to be taken, including particularly the following:

1—Giving producers greater security of land tenure by simplifying the reasons for expropriation of the land. Under the draft bill there would be two causes: that the land involved is in addition to that on which a privately owned house is located, and that the land is left fallow for more than 18 months (up to two years in cases where justification is shown). Under present legislation numerous reasons apply and are subject to much ambiguity and arbitrary decisions when they are applied. They require the state to make a decision in each case, as a function of inexact and too detailed criteria. (Footnote 1) (For example, in cases where the criterion of efficiency is interpreted in such a way as to require a certain number of heads of cattle per hectare. It is impossible to apply this criterion objectively because each herd goes through cycles in terms of its size, reflecting periods of greater sales and replenishment of the herd.) The result is an invitation to abuse in the application of the criteria and permanent insecurity in land tenure. (It should be noted that access to land will be broadened through market mechanisms involving the land fund and rental arrangements described below.)

2—Allowing the rental of fully owned lands. After the historic changes in Eastern Europe the rental of land is legal in practically all of the rest of the world, with the exception of Cuba. The reasons for permitting such rentals are of major importance for the agricultural development of any country:

a—This is one of the principal means of access to land for a young poor producer. Typically, these people are owners of small farms and increase the size of their parcels of land through rental, while they accumulate enough money to buy additional land.

b—It provides an opportunity to the producer who has a large and young family to support to increase the size of his land, while it allows an elderly producer to turn over a part of his land without losing it as far as his heirs are concerned, because he no longer has the same economic need nor the physical ability to work so much land.

c—It is an outlet for any producer who finds himself in a temporary, emergency situation because of illness, financial difficulty, or other reasons, so that he would not have to lose his land.

d—It is a mechanism for reassigning agricultural land to its most productive uses because the person who is prepared to pay the rent and work the land is also capable of making it produce more than the person who is turning it over under a rental arrangement. Over the

long term the whole process of agricultural development is based on increasing productivity. Therefore, this aspect is of fundamental importance.

It would be appropriate to conclude these observations by mentioning and correcting some of the mistaken interpretations of the draft law which have recently been made:

1—It was said on a recent television program that the new law would complicate the situation facing the widows of those benefiting from the agrarian reform. As has been shown in the comments made above, the truth is precisely the reverse. The law seeks to provide widows with economic protection which they have never previously had.

2—It was also said that the new law seeks to discriminate against women as beneficiaries of the agrarian reform. Once again, the reality is 180 degrees different. As was mentioned above, the initial draft of the law proposed a socially historic step forward in this area and, happily, the proposal was approved in another way.

3—It has been mistakenly stated that this law favors the expropriation of lands belonging to Native American communities. The truth is that the present Agrarian Reform Law has a potential for harming the status of these lands because it includes communal land ownership as a reason for expropriation of the land. Therefore, it was necessary to include in the law a special clause protecting such communities. The new law, by eliminating the condition of being communally owned from the list of reasons for expropriation, provides greater protection to those communities. Special provisions for them will no longer be necessary.

4—Another distortion which has been repeated on several occasions is that the new law seeks to eliminate the INA. In reality, carrying out the responsibilities included in the draft bill would require broadening the role of the INA through:

a—Reconversion of companies in which the peasants have ownership rights would require a large scale education campaign. The same would be true of designing and implementing mechanisms covering such reconversion.

b—Accelerating the pace and coverage of the provision of land titles.

c—Adequately administering nationally owned lands.

d—Collaborating in the design and entry into operation of the land fund.

e—Participating in the operational design of the system of seed capital bonds.

f—Continuing to adjudicate lands, including those which BANADESA would turn over to the INA, and

g—Undertaking new, large scale efforts to train the members of the cooperatives in the administration of companies, where state-sponsored programs have always been weak.

The fundamental objective of the draft law in terms of the INA is to focus it on those areas where it is competent to act and has the corresponding capacity to act, while eliminating its programs in other areas where its performance has been a notorious failure, such as providing technical assistence to agriculture and extending agricultural loans. In a previous draft of the law it was proposed to set up a kind of board of directors for the INA to respect the principle of good public administration, under which each entity would be responsible to some administrative board. Nevertheless, that aspect was eliminated in the recent review process, so that under the new law the structure of the INA would remain as it presently is.

5—It has been said that the draft law seeks to put an end to the agrarian reform. In view of all of the emphasis placed by the draft bill on improving the functioning of the reformed sector and the expansion of the channels for access to land, this is a distortion which is completely lacking in foundation.

It is appreciated that there are misunderstandings on the nature of this draft bill on the part of many people who have not read it and have only heard comments made on it, since it has been subject to public consideration before it was completed. After intense and fruitful discussions between the groups most affected the government will undertake a campaign to provide information on the bill. We are now participating in this effort and are going to continue announcing the true details of the draft bill in many public forums. There has been a lack of responsibility on the part of some commentators who have read the draft bill without analyzing it honestly. Having access to the communications media, they have abused their privileged status to slander a well considered effort which will bring benefits to those who really need them and who have been politically manipulated for so many decades.

4.2—The Rural Financial Sector

In the area of financing agricultural activities the law proposes substantial reforms which include a major restructuring of the BANADESA, the already mentioned establishment of private, rural credit banks for the reformed sector, the establishment of a land fund, and other changes. This program is based on a view which holds that present procedures for financing the agricultural sector have serious defects, to such an extent that they end up by undermining the very financial capacity of meeting the needs of our agriculture. Due to those problems BANADESA has effectively lost its capital, which means that it has a much reduced, future capacity to finance agricultural development, unless the necessary reforms are made.

In this area the draft Agricultural Modernization Law proposes changes which will provide for a strengthening of the agricultural financial system so that it will be able to broaden the flow of financial resources earmarked for this sector. Specifically, the law proposes:

1—Eliminating loans by BANADESA to state bodies, because the rate of repayment of these loans has been very low.

2—Eliminating large loans to the private sector, which have also been characterized by low rates of repayment. Instead, focusing the institution on the small producer, who frequently has no access to private banks.

3—Restructuring in an orderly way the debt which BANADESA now owes to the Central Bank. In effect that debt has been a running sore which has remained infected without being treated.

4—Eliminating BANADESA trust funds because in general they have not been administered with the same sense of responsibility which characterize the management of funds belonging to the bank itself. As was stated previously, once the portfolio of trust funds is reorganized, the latter would be transferred to private, rural credit banks.

5—Under a supplementary decree the process of reorganizing the portfolios of BANADESA and INA will be facilitated.

6—To eliminate a source of financial losses in BANADESA, eliminating credit guarantees provided by the INA. These credit guarantees have served no functional purpose because frequently they have not been given to BANADESA. When they have been used, the BANADESA has received bonds with an interest rate of only four percent, which amounts to a substantial loss in BANADESA capital.

These measures would correct many of the structural weaknesses of the present agricultural finance system. A system which is not in good financial health cannot help the agricultural producer to the extent necessary.

* Prompt Passage Urged

92CA0066C Tegucigalpa EL HERALDO in Spanish 17 Dec 91 p 36

[Text] President Rafael Leonardo Callejas expressed on 16 December his satisfaction at the acceptance by peasants and farmers of the draft Law for the Modernization and Development of the Agricultural Sector, through the signature of a statement of joint sponsorship.

In his speech the president emphasized that the new law will have an "extraordinary impact" on national life by virtue of the prosperity which, he said, will affect the agricultural sector.

He explained that the draft law comes directly from the people through a process of cooperation between peasants, cattlemen, and the government. This was the case with the law on the Social Housing Fund (FOSIV), which was developed by cooperation between various organizations and the Chamber of the Construction Industry.

Callejas said he was satisfied with the good will displayed by the parties signing the statement of joint sponsorship. He said: "Peasants and cattlemen presented a law jointly providing for land titles. Subsequently, and in an harmonious way, they are building a common destiny."

The president warned that, once the law enters into effect, 18 months later those persons who do not work their land and leave it fallow will have it expropriated. However, land on which such a person would have his home would have a guarantee of no expropriation by the state, with the support of cattlemen and peasants through the cooperative process.

Callejas asked Marco Augusto Hernandez Espinoza, the secretary of the National Congress, who was present at the ceremony, that, as soon as Congress received the draft bill, it should set up a committee to report on it and to seek the most expeditious promulgation of the law and "in the shortest time possible."

At the same time he asked that "the concepts of the law should be respected," after a juridical analysis of the draft bill, principally in terms of its fundamental aspects, because they are the result of a process of cooperation between the groups involved in the agricultural sector.

He said: "Today Honduras enters a new stage in its agricultural life. Today I am sure that the Honduran agriculture of the future will be efficient and capable of giving us enough to feed ourselves and sell its products in the world and in Central America. That is the challenge."

The president emphasized the role which rural credit banks will play in financing national production, once the law enters into effect.

He stated: "To be able to determine our future, we have to build peace in the present time." He said that this will be achieved with laws like the draft bill, which seeks to modernize and develop the agricultural sector.

Nicaragua

General Ortega on New Units, Army-U.S. Ties

PA1301145892 Managua BARRICADA in Spanish 11 Jan 92 pp 1, 8

[Report by Roberto Larios]

[Text] General Humberto Ortega announced on 10 January that the Army has decided to create Special Rapid Deployment Units [Unidades Especiales de Despliege Rapido] to face the recontras and recompas militarily if necessary

"Our interest is not to smash them militarily; we do not want further bloodshed. Their complaints against the government are valid, but that does not justify them committing armed assaults. If a "roadblock" takes place

we are not going to check to see whether they are recontras or recompas. We will restore order as if they were armed," they general said.

Gen. Ortega said that a plan for that was approved on 9 January by the Army High Command in coordination with the Government Ministry, the Presidency Minister, and Sandinist Front Party officials, "to see if they are going to back the Army plan to keep the recompas in line."

The plan will first be implemented in Matagalpa and Jinotega Departments, "the focal points of the irresponsible and adventurous recompa and recontra activities that have given a whole bunch of criminals the opportunity to disguise themselves as recontras or recompas to smuggle coffee, assault citizens, and create much unrest."

Regarding that, Ortega said that Sandinist authorities in Matagalpa Department said they are willing to abide by the law and contribute whatever influence they may have so the recompas mend their ways. Ortega said he spoke with Engineer Antonio Lacayo in connection with the noncompliance of promises to recompas and recontras. "A series of promises to both have been and must be complied with without bureaucracy."

"We are seeking quicker replies so they will no longer have a pretext to remain armed," Ortega added.

Take Advantage of the Amnesty

The general said the object of President Chamorro's amnesty is to "remove pressure from those people, who felt persecuted, so they may dedicate themselves to the country's normal life. If they disagree with the government, let them disagree, but it cannot be outside the law, it cannot be with armed struggle."

Ortega denied charges by right-wing sectors that point to the Army as the supplier of weapons to the recompas. "Those who say that should prove it. If they cannot, they will have to face the consequences, within the law; they are going to be charged in court," he warned.

Asked about "El Indomable's" [Jose Angel Moran Flores] intentions, Ortega said he should take advantage of the amnesty. "If he maintains his extremist attitude, he will be brought to justice. We will no longer talk and not act. Recompas or recontras who do not take advantage of the amnesty will have to bear the full weight of the law, and those who remain armed will have to face our troops," Ortega said categorically.

The Nicaraguan Army has "excellent" relations with the U.S. Government, the general said, so some type of assistance must not be ruled out.

Ortega, however, ruled out further reduction of the Nicaraguan Army. "The target was 25,000 men and we have already gone further. We are now about 20,000-strong. Any further reduction would have to be within the framework of a reasonable balance of forces in the Central American area," Ortega said.

Presidency Minister on Establishing Order in 1992

PA1301162692 Managua BARRICADA in Spanish 11 Jan 92 p 5

[Article by Marcio Vargas]

[Text] Presidency Minister Antonio Lacayo used an unusually strong and emphatic tone to warn recontras and recompas that Violeta Chamorro's government is prepared to establish "public order" in 1992.

At the end of the National Assembly session to inaugurate the legislative period on 10 January, Lacayo stated: "We are going to talk to them so they will make their decision once and for all: either they join civilian life through dialogue or we will have to let the full weight of the law fall upon them."

Besieged by approximately twenty journalists who elbowed, shoved, and insulted security guards, Lacayo stated that the presidential address read by Violeta Chamorro minutes earlier "is very clear and categorical."

He stressed: "The goals for this year are economic growth and public order. We will concentrate on those issues." Lacayo emphasized, however, that the efforts to conduct talks with "the armed rebels are a permanent matter," as the government "is always willing to talk."

Lacayo reported that a government delegation traveled to the north of Nicaragua on 9 January to visit some recontra leaders that had been injured on 8 January. Lacayo also announced that Government Minister Carlos Hurtado would meet with "people like El Indomable [Jose Angel Moran Flores]" in the future.

In the midst of all the confusion, someone was able to yell out a question regarding the support the government has received in the National Assembly from a so-called "center" group of UNO [National Opposition Union] legislators. Lacayo stated that the members of the group are UNO legislators who "continue to belong to UNO," but are opposed to a "sterile confrontation and act in favor of the national interest."

Another journalist yelled out: "When will the dialogue between the government and UNO take place?"

Lacayo answered: "Whenever UNO wants it...if they want it."

Another reporter asked: "Why was Raul Lacayo dismissed from the Central Bank?"

Lacayo answered: "Dr. Lacayo is the typical figure representing the new government official in this country, that is, someone who does not want to be tied to a public position because he has other alternatives. I also have

other alternatives. Many of us in the government have abandoned our private activities to work with Mrs. Violeta.

"We believe, as Dr. Lacayo believes, that he gave two years of his life to the country, that he did very good work and thoroughly met all the Central Bank's goals. He is satisfied with his work and he wanted to go into private life to take care of his personal activities.

"He feels that he fulfilled what could be called a military service, a patriotic service that we hope all of Nicaragua's professionals would want to give."

In answer to a question if legislator Fernando Zelaya Rojas will be going to the United Kingdom in a diplomatic capacity, Lacayo answered: "He has been offered it by Mrs. Violeta."

Deputy: Government Has Not Kept Promises

PA0901212192 Managua Radio Catolica in Spanish 1130 GMT 7 Jan 92

[Text] [Unidentified reporter] This morning we have a statement by Deputy Humberto Castilla about the situation that is occurring in the northern and central areas because the government has not kept its promises to former Nicaraguan Resistance [RN] members. He will also announce a visit by a group of mayors to Cardinal Miguel Obando y Bravo.

[Castilla] Good morning. This past weekend some deputies and mayors from Chontales, Boaco, and central Zelaya Departments, through Santo Domingo Mayor Milagros Perez, were invited to meet with rearmed RN members, led by Commander Rojito. Those fighters explained their distressing circumstances now that eight months of fruitless negotiations with government delegates have elapsed. The fighters are desperate and request that we mediate to ensure that their demands receive sincere and proper attention.

On 4 to 5 January a commission of civilian officials elected by the people in our department was formed to handle it. The commission will visit His Eminence Cardinal Miguel Obando y Bravo, who has very kindly agreed to receive us immediately. This afternoon we will meet with International Commission of Support and Verification officials and immediately afterward with Presidency Minister Antonio Lacayo. Lacayo has been addressing our problems in Region 5, regardless of the fact that we, as civilian authorities, held fruitless meetings with delegates representing the government in Chontales and Boaco Departments.

This morning we will especially take advantage of our meeting with Lacayo to show with undisputable evidence how members of the Sandinist People's Army [EPS] are becoming involved in criminal acts. That information is public knowledge. The EPS delegate in our region admitted that six active EPS military men were involved in the murder of two Tabacalera Nicaraguense workers and in assaults and robberies in the Acoyapa area.

[Reporter] What promises have not been kept with the former RN?

[Castilla] Our RN friends claim that seven of their demands need to be immediately complied with. They say they still feel unsafe because of the absolute militarization of the area. The mayors of Region 5 have the details. We, as members of the Let's Save Democracy Civic Movement and as authorities of those regions, have the same demands we had last year and ask that the suggestions we made at the time be attended to. Despite the fact that at the time we were declared almost subversives, we managed a productive year with relative calm and stability. Now we are going to suggest the same: we will ask that some military bases be closed and that the RN be incorporated into the rural police, a goal we have already attained in some municipalities.

UNO Parties Reactivate To Pressure Government

PA1301023792 Managua Radio Sandino in Spanish 1830 GMT 9 Jan 92

[Text] This morning, at a news conference that was announced a few days ago, Legislative Assembly President Alfredo Cesar announced the reactivation of National Opposition Union [UNO] committees throughout the country to urge the UNO rank and file to take to the streets and to carry out demonstrations to force the Chamorro administration to resume the government platform of the governing UNO coalition. Let us listen to Mr. Cesar:

[Begin recording] [Cesar] We want compliance with the UNO platform. That entails a legislative effort as well as political work throughout the country. The UNO committees throughout the country will be reactivated. That means that again there will be public, peaceful, and, of course, legal demonstrations in cities and towns to demand compliance with the government platform.

There is no plan for any electoral work by UNO that is what you were asking about. There is no decision in that regard. What we have is a clear demand for compliance with the UNO government platform. This is UNO's commitment to the people who elected us.

[Reporter] You said that it will be a very difficult year because of elections in the National Assembly and in the Central American Parliament. What kind of alliances will be formed for election purposes by UNO if no decision is adopted with regard to what you have mentioned?

[Cesar] There is no decision on that because some UNO parties perhaps want to go to the elections free of alliances, not allied to the 14 UNO parties. I cannot speak on behalf of the UNO parties, but I believe that in the National Assembly, UNO's parliamentary bloc will

remain united. I believe that we will secure a majority of 47 or more votes. The UNO bench, which represents the 14 parties and their leaders, will undoubtedly remain united. Therefore, we have to establish a distinction between internal National Assembly elections and popular elections for the Central American Parliament. With regard to the latter elections, I could not say whether or not the UNO parties will face those elections as a coalition. [end recording]

Group Creates 'Civic Movement' in Managua

PA0901220792 Managua LA PRENSA in Spanish 6 Jan 92 p 7

["Civic Movement" Charter document issued in Managua on 9 September 1991]

[Text] Considering:

That our homeland has entered a new historical stage in which it is possible to establish democracy firmly and definitively;

That during Nicaragua's history the possibility of building democracy has been thwarted by minority groups who have imposed their will and interests on the rest of the nation by means of arms;

That the existence of armed forces in the country poses the danger of minority groups hampering democratic development;

That Nicaragua has no reason to enter into any war or to be afraid of any military threat;

That national security demands, instead of armed forces, the greatest possible resources for education, culture, infrastructure, and production;

That the maintenance of armed forces constitutes a grievous expenditure of meager national resources;

That the existence of armed forces does not serve any useful purpose and only entails taxes, foreign debt, and a shortage of the resources that should be used to stimulate social services, production, and jobs;

That a national police, equipped with a small number of light weapons, is all that is required to maintain public and constitutional order;

That it is desirable and completely possible for Nicaragua to become a neutral and demilitarized international zone, as illustrated by Costa Rica, and that we feel Nicaragua's demilitarization to be a just and firm aspiration of the great majority of the country; we, the undersigned, citizens of Nicaragua, have agreed on the following:

To initiate a civic movement for Nicaragua's full demilitarization;

To create such a civic movement in a deeply Nicaraguan spirit and give it an absolutely civic, peaceful, and independent nature, without any partisanship or sectarianism, in the strict framework of the exercise of the public liberties guaranteed by the laws of the Republic;

To seek, through such a movement, the orderly and definitive abolition of the military forces in Nicaragua by means of the necessary amendments to the Constitution and bylaws;

To have the international community contribute with financial resources so members of the armed forces can return to civilian life properly and productively;

To enlist the movement in the search for world peace, which constitutes a permanent and universal aspiration and a moral requirement in our time; and, finally, to commit to that just cause our best energies and make a determined and continued effort until we have achieved that purpose.

[issued] Managua, 9 September 1991.

[signed] Pablo Antonio Cuadra, Francisco J. Mayorga, Carlos Quinones, Velia Maria Matus, Lino Hernandez, Fabio Gadea Mantilla, Julio Villa, Jorge Eduardo Arellano, Raymond Genie, Freddy Rostran Arauz, Armando Incer Barquero, Maria Teresa Sanchez, Oscar Herdocia.

The following persons signed the minutes of the Civic Movement's first meeting and joined the Civic Movement as founding members. The first public meeting was held on 28 October 1991. Rito Medardo Aguilar Gallo, Octavio Alvarado Tablada, Emilio Ignacio Alvarez Montalvan, Rodolfo Ernesto Ampie Quiroz, Miguel Angel Barbosa Rivas, Daniel Orlando Blandon Gadea, Rene Martin Blandon Noguera, Jose Ignacio Torrez Briones, Roberto Jose Calderon Gutierrez, Ana Julia Casaya Vega, Humberto Eudoro Castilla Matamoros, Ronald Jose Castrillo Sovalbarro, Mauricio Cortes Mendieta, Dolores Maria Chamorro Coronel, Jaime Chamorro Cardenal, Kwai Guillermo Chiong Gomez, Ignacio Diaz Brenes, Luis Adan Fley Gonzalez, Ana Carolina Flores Maya, Adan Antonio Flores Siles, Thelma del Socorro Gadea Mantilla, Ismael Antonio Gaitan Fonseca, Donald Jose Gaitan Payan, Luis Manuel Gallo Solis, Carlos Manuel Garzon Bellanger, Manuel Antonio Gonzalez Vega, Mateo Jose Guerrero Flores, Roberto Aparicio Gutierrez Suarez, Violeta Mercedes Granera Padilla, Amin de Jesus Hanon Lopez, Issa Moises Hassan Morales, Jorge Alejandro Incer Barquero, Patricio A. Jerez Paguaga, Roger Adolfo Leon Carranza, Carlos Octavio Lopez Berrios, Salvador Lopez Zeledon, Oscar Rene Maltez Dinarte, Aldo Edgard Martinez Campos, Fatima Socorro Martinez Hernandez, Jose Ignacio Miranda Chamorro, Jorge Mixter Gonzalez, Juan Francisco Mora Diaz, Ricardo Jose Morales Solis, Luis Salomon Morales Villavicencio, Valeria Albertina Murillo Sevilla, Sergio Hermes Narvaez Guerrero, Gustavo Adolfo Narvaez Picado, Rene Palacio Vangelderen, Humberto Bosco Pena Molina, Giancarlo Penalba Cara, Jaime Alonso Perez Alonso, Orontes Perez Arevalo, Carlos Jose Perez Fajardo, Mercedes Patricia Peralta Montano, Josefa Porras Benavides,

Lesbia Portillo Lopez, Julio Cesar Quiroz y Quiroz, Guilberts Jose Reyes Baez, Eduardo Rivas Gasteazoro, Manuel Rocha Moncada, Erwin Anastasio Rojas Ruiz, Francisco Eduardo Romero Torrez, Haydee Juana Romero Orozco, Maria Lidia Romero Orozco, Fabio Tomas Sanchez Arana, Fernando Pablo Sanchez Herdocia, Alfonso Jose Sandino Camacho, Rosario Angeles Sanchez Velasquez, Angel Augusto Sandres Gutierrez, Lesbia Solis Nicaragua, Mario Danilo Saravia Baltodano, Carlos Alberto Sevilla Siero, Maria Teresa Szabo Monge, Saturnino Santos Tijerino Jimenez, Lillyam Maria Urroz Manfut, Otto Rene Vanegas Morales, Rolando Humberto, Velasquez Medina, Julio Jose Villa Cabanas, Jose Roberto Zeledon Rodriguez.

The Civic Movement hereby invites all Nicaraguan citizens who share the movement's principles and are willing to commit themselves and participate actively in this lofty cause to contact any member of the Board of Directors. You can write to Post Office 1407, Managua, giving your name, address, and telephone number. By return mail, we will send you an enrollment sheet that tells you how to join.

The Civic Movement is not a political organization. It is a civic association that encourages peace as a moral obligation of our times through the abolition of militarism.

Report on End-of-Year Recompa, Recontra Actions

PA1001154392

[Editorial Report] The following is a compilation of reports monitored by Panama Bureau on activities carried out by recontras and recompas in Nicaragua from 24 to 30 December 1991.

Managua BARRICADA in Spanish on 24 December on pages 1 and 12 reports that more than 200 recompas, identified as fighters of the Carlos Nunez Tellez Front, occupied the town of La Trinidad on 23 December. The recompas, armed with rifles and machineguns, occupied several government offices, blocked the road, and interrupted telephone communications. The report adds that on 22 December, another group of recompas, identified as members of the Moises Cordova column, occupied the town of Condega, kidnapped and later released two members of the National Opposition Union, and killed a former contra.

Managua Radio Ya in Spanish at 1200 GMT on 27 December reports that a group of recontras, who operate in Atlantic La Tronquera area, burned two privately-owned IFA trucks on 25 December. It has also been reported that recontras and recompas clashed in La Pedrera, Rio Blanca jurisdiction and that one unidentified recompa was wounded.

Managua Radio Sandino in Spanish at 1200 GMT on 28 December reports that a group of recontras occupied the town of Bocay on 24 December. According to the radio, that shows that the ultra-rightist rebels have violated the Christmas truce that they had agreed upon with the government. The radio adds that three men were killed and several were wounded in a clash between recontras and recompas in the Las Vegas cooperative in southeastern La Delia in Matagalpa department, on 26 December.

Managua Radio Sandino in Spanish at 1200 GMT on 30 December reports that the truce signed by El Indomable (Jose Angel Moran Flores) with the government continues to be violated in Jinotega as the police have reported that (Eric Poveda Davila) was kidnapped by armed men who were headed by the recontra leader, Estrella, who asked for 40,000 cordobas in ransom. (Poveda's) relatives, who are coffee producers, collected the money and (Poveda) was released once the money was delivered. The kidnapping took place in La Saopera, Wilwili. It was also reported that two workers at the La Paz estate, which belongs to Porfirio Medina, the recontra mediator in the negotiations with the government, were abducted. The workers managed to escape a few hours after they had been kidnapped by men headed by El Diablo (recontra chieftain), who is also very close to El Indomable.

Central Bank President Reports on Monetary Policy

PA1301143092 Managua Radio Catolica in Spanish 1130 GMT 10 Jan 92

[Text] Dr. Silvio DeFranco, new Central Bank president, has said he will try to unify monetary and financial policies. Producers of cotton, coffee, and other goods have said that the government is not giving them the financial support they need. The cordoba has maintained its parity, but national production is going down: Nicaragua is surviving because of the $1.5 million provided daily by the United States, but apparently that country will soon either stop providing money, or will reduce the amount being delivered.

Here is the new Central Bank president.

[Begin recording] [DeFranco] According to what I have been told, the president wants to further coordinate long-term monetary and credit policies, and I have been working on that in recent months. The president also wants to make sure that the credit system responds better to production requirements. After spending 20 months in the Economy Ministry, I am very much aware of the real problems of production, which exist more in the microproduction sector than in the macroeconomic sector.

I imagine that the president wants to concentrate on that matter. When the change from the Economy Ministry to the Central Bank was proposed to me, at first I was somewhat reluctant to give up a position that had aroused my enthusiasm so much. But I think I can also do important work at the bank, as I was told at the Presidency, and I am prepared to do just that.

[Unidentified Reporter] How is the cordoba doing?

[DeFranco] Look, at this moment there is no devaluation problem. There is speculation but no devaluation. Obviously, nothing has to be carved in stone. We cannot say that this situation will last forever. Never say never, as the saying goes. However, at this moment I see no reason for making such an economic move.

[Reporter] Silvio DeFranco, you are a brilliant economist. Do you think the cordoba is overvalued?

[DeFranco] It is very risky to comment on that without having all the information. I have not worked on the matter in the past few months but I have talked with experts. There are many different opinions about it. One of my current priorities is to begin a study of the issue and then we will know the real situation. Remember that in our economy, following the brutal hyperinflation and the distortions we endured, it is very difficult to say when the valuation is too much or too little. It is an issue we can tackle without fear; we are obliged to do that, but any affirmation of that right now would be absurd.

[Reporter] It has been said that 1992 is a key year for a breakthrough in the Nicaraguan economy, given an industrially and commercially very active and dynamic Central America that will also need foreign aid. El Salvador is now at peace and will be a serious competitor. Do you think Nicaragua will see an economic breakthrough in 1992, despite the fact that our current export level is almost that of three years ago?

[DeFranco] No doubt 1992 is the year of opportunity for Nicaragua, for the reasons you mentioned. Now we do have foreign aid, monetary stability, and much enthusiasm, and we already have public investment plans. If we were to lose 1992 because of political violence, or because of lack of trust, or because of speculation—something that we Nicaraguans love to do—or because of our failure to coexist socially, then I think we would be committing a grave historical error. 1992 is crucial because it will bring us opportunity and Nicaraguans are obligated to work toward that, not against it.

We have the resources. I think 1992 is the year we can leap upward and grow. We could also fail to take advantage of this year. If we do, 1993 and 1994 will be years of much uncertainty.

[Reporter] If you are so sure about your decisions and about this opportunity, what is the reason for the obtuse banking policy of ending the credits that coffee and cotton producers need to harvest their crops? We have been told, Doctor, that the cotton producers probably will not be able to pay, but everything has a price and sometimes it is necessary to think about the employment such activities generate.

[DeFranco] I think we have to work on it. It is a task I will tackle at the bank. I will make sure that production and credits are in harmony. I think that sometimes we do not realize the phase we are going through. We should not forget that we are still working on a stabilization phase, that the financial sector is still far from functioning efficiently in this country, and that recovery is still far from what it should be. Our intention is to work to avoid this kind of problem. We have to understand that there are things that can be done by issuing a decree or passing a law at the National Assembly, but that has to be done as we make progress.

[Reporter] Thank you, Doctor. [end recording]

Radio Sandino To Begin New News Program

PA1001012992 Managua Sistema Nacional de Television Network in Spanish 0330 GMT 7 Jan 92

[From the nonofficial "Extravision" newscast, directed by Manuel Espinoza, former information minister under the Ortega administration]

[Text] On 7 January the first "Econformativo" newscast will be broadcast on Radio Sandino. The news broadcast is aimed at providing objective and truthful information, and giving different sectors of society an opportunity to express their views.

[Begin recording, Roberto Gonzalez, "Econformativo" newscast director] With the "Econformativo" newscast, which will be broadcast at 2200 [0300 GMT], we hope to provide the Nicaraguan people with complete information on events in Nicaragua and the world in the 24 hours preceding 2200 and, of course, events between 2200 and 2300.

This is very important because, after listening to the news for only one hour, particularly now that there are problems with the time change, the Nicaraguan people will be able to go to bed well informed. We will try to include in our news broadcast everything that Nicaraguans want to know. [end recording]

Panama

Columnist on AWACS Used in Drug Operations

PA1101042992 Panama City EL PANAMA AMERICA in Spanish 10 Jan 92 p 6a

["Hidden Truths" column by Tomas A. Cabal]

[Text] The Southern Command in Panama is lending logistical support and electronic espionage to the Air Forces of Peru, Colombia, and Ecuador. That support has enabled the Peruvian Air Force to intercept or shoot down over 10 planes of the narcotics traffickers in the last six months, according to Peruvian sources.

AWACS [Advance Warning Air Communication System] planes operating out of Howard Air Base are monitoring the communications of planes suspected of operating in the jungle region of Alto Huallaga in Peru, where 70 percent of the world's coca leaves are grown.

Since last year, the Peruvian Air Force has had a squadron of Tucano planes capable of intercepting the

flights of the narcotics traffickers in Huallaga. Operating out of the Santa Lucia base for fighting drugs, the Brazilian-made Tucanos have begun to intercept and shoot down the planes that were trying to enter Alto Huallaga to pick up basic cocaine paste, a raw material for producing the drug.

Alto Huallago is a jungle area of over 200,000 hectares, and it is an ideal site for growing coca leaves. Over 100,000 Peruvian farm families who grow coca leaves earn their living in Alto Huallaga, amid a fierce dirty war between the Shining Path guerrillas and the Peruvian Army.

More than five years ago, Shining Path became the middleman between the farmers and the Colombian narcotics traffickers who buy the basic cocaine paste that the coca leaves farmers cultivate and process in Alto Huallaga.

The presence of Shining Path in the region has worsened the armed struggle, with the coca farmers caught in the middle subject to repression or death by the Army or the Maoist guerrillas. To support the antisubversive struggle of the Peruvian Army, the Southern Command has assigned a dozen military advisers in Alto Huallaga who operate out of the Santa Lucia base.

In addition to the military advisers, the Peruvians are using U.S. pilots to fly the helicopters that operate from the base. It is believed that an average of 20 flights per day from Colombia try to land in the valley of Alto Huallaga, and therefore the presence of the Peruvian Air Force with information supplied by the AWACS planes from the Southern Command is crucial to detecting and intercepting the narcotics traffickers' flights.

According to Peruvian officials, the effectiveness of the Peruvian Air Force campaign has been affected not only by the weather conditions of Alto Huallaga, but also by the work of the informers in the service of the narcotics traffickers who send reports out of the Howard Air Force Base on the availability of the AWACS planes. According to the same source, someone is warning the narcotics traffickers when the AWACS planes are undergoing maintenance work or when they cannot take off from Howard Air Force Base for any other reason.

The Peruvian Air Force has observed that when the AWACS are not flying, there are more flights coming into Alto Huallaga. The military efforts of the Southern Command in the region have also extended into Bolivia where two Army battalions are being trained in antinarcotics struggle in the area of Chapare, as well as in Colombia and Venezuela where OH-58 Dragonfly jets have been supplied to the respective Air forces to halt the air transshipment of drugs.

It is evident that the effectiveness of this new electronic war will depend in large measure on the efforts of the Southern Command to neutralize the presence of individuals on Howard Air Force Base who are linked to narcotics trafficking. That is almost impossible to do because the Panamanian village of Veracruz is very close and from there it is very easy to monitor the departure of the AWACS planes.

Further on AWACS

PA1101040592 Panama City EL SIGLO in Spanish 9 Jan 92 p 2

[By Andres Davila]

[Text] A Peruvian publication has reported that the modern equipment used to intercept and force down drug cartel planes could be negatively affected by "unknown elements" at the U.S. Howard Air Force Base who notify the drug traffickers when the famous AWACS [Advance Warning Air Communication System] planes are grounded for maintenance or repair.

The publication has revealed that Ecuador is carrying out an all-out war against drug traffickers with the support of the United States and that modern technology is used to further the objective of "eradicating the large drug trafficking network that stretches across the entire continent from South America to the United States."

According to reports supplied by a Peruvian Air Force official, Peruvian, Colombian, and Ecuadoran Air Forces planes, supported by modern U.S. radar planes, have intercepted and forced down a dozen planes owned mainly by Colombian drug traffickers in the past four months.

The Peruvian Air Force has introduced Brazilian-made "Tucano" patrol planes into its fleet. Those planes are able to intercept light planes in the extended jungle area of the Alto Huallaga Valley, where 60 percent of the cocaine is produced and refined to be consumed in the U.S. market.

A Peruvian Air Force source has reported that Peru and Bolivia are the main producers of coca—the raw material for cocaine—in the world; Colombia has become a large South American drug-processing laboratory; the United States is the wonderful market where large quantities of the drug are readily consumed; and Ecuador has become the best place to move and distribute the drug. The source added that the operations and patrol actions are currently being held with the logistics of AWACS planes located in the Panama Canal Zone. It added that joint Colombian and Ecuadoran actions are also being carried out.

According to the explanation given by the Peruvian technicians, the powerful AWACS planes were used in the Persian Gulf war last year. The radar detects the presence and the exchange of communication of questionable planes and relays the information to the Peruvian Tucano patrol planes. The pilots of the latter have received death threats from drug traffickers who have tried to force down the Tucanos with heavy caliber weapons several times.

Peruvian aeronautics officials have estimated that there are an average of 20 flights per day by planes coming and going between Colombia and Peru. They have noted, however, that the frequency of the flights depends on weather and visibility in the area.

With regard to the filtering of information, the officials have stated that "apparently someone at the U.S. Howard Air Force Base in the Panama Canal Zone alerts the drug traffickers when the AWACS planes are grounded for maintenance or repairs because we notice that as soon as the radar planes stop operating, there is an increase in the flights of the light planes that carry the drug. [no close quotation mark as published]

The source also reported that many times the light planes are forced to land in the jungle and the crew escapes, leaving the cocaine paste shipment in the plane. They added that when government personnel reach the light plane they discover that an Ecuadoran sticker has been placed over the Colombian registration number.

Finally, the Peruvian Air Force source said that air control and surveillance activity in the Peruvian northeastern region is carried out according to international procedures and is part of an important antidrug program with the United States, Ecuador, and Colombia.

The Air Force officials have stated that the planes of the three countries involved in the Andean area program carry out their missions in their own air space. Government personnel will advise the other country previously if, for any reason, a plane has to enter its air space, the officials asserted.

The officials also mentioned that one of the problems encountered, in the all-out struggle against drug trafficking carried out by these three southern cone countries, is that according to international law, a military plane cannot shoot at a civilian aircraft. However, once a plane has been singled out as a suspect, the military aircraft only shoot if the plane tries to escape or does not obey instructions to "land", the sources noted.

Cruz Says Ministry Attackers Had Training

PA1301002992 Panama City LA PRENSA in Spanish 11 Jan p 12A

[Article by Irene Hernandez G.]

[Text] Attorney General Rogelio Cruz has said that those who attacked the Ministry of Planning and Economic Policy [MIPPE] evidently had military training.

However, Cruz rejected the theory that the perpetrators of the action belong to a guerrilla group called the 20 December Movement [M-20]. "I do not believe there really is such a group. What exists is a group of people with military training," he said.

Unidentified individuals early on 5 January fired a Soviet-made RPG-18 missile that damaged three offices of the MIPPE. When Planning Minister Guillermo Ford heard the news, he described the attack as "cowardly," and he warned that "anyone caught possessing an RPG with bad intentions must be shot and killed, period."

Cruz emphasized that the people who carried out the attack have sophisticated military armament, and they are using it for the purpose of creating unrest throughout the country.

The attorney general feels that the M-20 does not exist as a guerrilla group, but evidently there are many people who share similar ideas and have certain material resources. Based on that, they have been identified.

Ford does not feel that such action can be forgiven because society needs peace and tranquility, and besides it will affect investment, which is what we seek.

Government Plans To Create Antiterrorist Team

PA1301013892 Panama City EL PANAMA AMERICA in Spanish 9 Jan 92 p1a

[Article by Juan Pritsiolas]

[Excerpt] Government Minister Juan Chevalier has revealed that the Panamanian Government is planning to create a special police team equipped with submachine guns and silencers to face terrorist actions and coup attempts.

The announcement was made during a controversial session with the National Legislative Assembly's Government, Justice and Constitutional Matters Commission in which the purchase in Brazil of 10 submachine guns and the alleged irregular negotiation of visas for Cubans was debated. According to opposition legislators, the session did not yield satisfactory results.

Chevalier, who together with Immigration Director Antonio Dominguez was bombarded with questions by the legislators, said that the idea of forming a special group emerged from the attempted coup, which took place on December 1990.

He explained that the idea is to have a well-trained group that would be equipped with special arms, but that the group would not concentrate in one headquarter and would only take orders from the president in case of an emergency.

Chevalier explained that the arms still have not been sent to Panama from Brazil—country of purchase—but he admitted that payments have already been made. He also lessened the importance of using silencers, an issue that worried the legislators.

Christian Democratic Legislator Jose Antonio Sossa was of the opinion that the police force that Chevalier intended to create would not be legal, and stated that he was worried that someone would "silently be killed."

Horacio Rodriguez, Democratic Revolutionary Party legislator, indicated that he was not satisfied with Chevalier's explanations and stated that "there is something fishy about those Rambos" that the government wants to create. [passage omitted]

Movement Leaders Resign After Blades Leaves

PA0901231692 Panama City LA PRENSA in Spanish 7 Jan 92 p 20A

[Report by Jose Quintero de Leon]

[Text] The hopes of many youngsters who placed their ideals in the controversial figure of Ruben Blades, the founder of a different political party, have apparently crumbled after the resignation of the leaders of the "Papa Egoro Movement."

At 1200 on 6 January, Edwin Gonzalez, vice president of the party; secretary Gonzalo Moncada Luna; and adviser Henry Gorgona tendered their resignations to the Electoral Tribunal. The only person remaining at the helm of the movement is painter Brooke Alfaro.

Although LA PRENSA does not have access to the motives behind the move, a source close to the Panamanian singer revealed that his fellow party members decided to resign because they believe Blades' departure to the United States, where he will fulfill a recording contract, affected his real political intentions.

The youngsters who worked for Papa Egoro put in time and money and devoted themselves fully to organizing the political movement so as to present a working platform, our source said. The source added that the party leaders were disappointed after being virtually abandoned by Blades at a time that is so close to party registration, which will begin in February.

The source explained that the resignations were reported in Mexico, the United States, and Spain before being made public in Panama. The reports speculated that, before departing the country, Blades had a meeting at the U.S. Embassy.

Argentina

Foreign Minister Denies U.S. Pressure on Tender

PY1001154092 Buenos Aires TELAM in Spanish 1410 GMT 10 Jan 92

[Text] Buenos Aires, 10 Jan (TELAM)—Argentine Foreign Minister Guido di Tella denied today having received a warning from the U.S. State Department about the situation created by the tender awarded to the U.S. GTE Company to provide telecommunications systems for the Defense Ministry and the Presidency of the Republic.

Di Tella said this matter "has nothing to do" with the so-called "Swift case." He noted that "the attempt to compare the two things is absolutely deliberate." He termed this attitude "as a joke," and attributed it to "people who have very little experience in commerce and trade relations among enterprises."

Concerning the telecommunications tender, di Tella said: "A great fantasy is being created. I did not receive any complaint or protest at any time. Nothing at all."

He admitted that "an enterprise that has been unsuccessfully trying to qualify for one year has expressed its disappointment," but "this is a completely insignificant problem."

In remarks he made from Punta del Este to Radio Mitre, Di Tella explained that "one thing is the relation among the states, and another thing is commercial interests among enterprises. The state is trying to implement a reorganization project, reduce expenditures, and regulate investments, and there is a contract the state has decided to cancel. Consequently, I cannot talk about any problem or demand."

He reasserted that the tender "has nothing to do with relations among the states." In reply to a question, he admitted that the attempt to create a commotion responds to the interests of enterprises. He said: "If we award them the contracts to satisfy their demands, no budget will be enough to endure this situation."

Di Tella said that during a meeting on 10 January with James Walsh, the U.S. Embassy charge d'affaires, they only analyzed "the sentence of those involved in the Libyan attack two years ago" when Libyan terrorists bombed a Pan Am jetliner. He also discussed this issue with French and British representatives at the UN Security Council.

Establishment of Diplomatic Relations Announced

With Ukraine

PY1301121692 Buenos Aires LA PRENSA in Spanish 12 Jan 92 p 3

[Text] United Nations (TELAM)—Argentina and the Ukraine signed a protocol immediately establishing diplomatic relations at the ambassadorial level on 6 January.

The protocol was signed by Argentine Ambassador Jorge Vazquez and his Ukrainian counterpart (Gennadiy Dudovenko). It states that the two parties "agree to develop relations based on the principles of equality of states, mutual respect, self-determination, independence, sovereignty, and noninterference in domestic affairs."

It adds that the two parties "are convinced that establishing diplomatic relations is in the interests of the two countries and does not seek to hurt any other country, merely to strengthen international cooperation and peace in the world."

The ceremony was held at the Ukrainian mission accredited to the United Nations.

With Belize

PY1101170092 Buenos Aires TELAM in Spanish 2247 GMT 8 Jan 92

[Summary] Buenos Aires, 8 Jan (TELAM)—The Foreign Ministry has officially reported that Argentina and Belize have agreed to establish diplomatic relations as of today, 8 January 1992. This decision was announced jointly by the governments of the two countries through their respective missions to the United Nations in New York. Concurrent ambassadors will be designated in the near future.

Communique Outlines Position at GATT Talks

PY1001190792 Buenos Aires TELAM in Spanish 1458 GMT 10 Jan 92

[Text] Buenos Aires, 10 Jan (TELAM)—Argentina will support the [GATT General Director Arthur] "Dunkel" proposal to reduce agricultural subsidies at the Geneva meeting on 13 January, because "in general this proposal will be positive for our country, even though not all our legitimate aspirations are considered within some specific areas."

This announcement was made today in a communique released by the Finance Ministry following a meeting between Finance Minister Domingo Cavallo; Marcelo Regunaga, agriculture, livestock and fisheries secretary; Alietto Guadagni, international economic relations secretary; and Argentine GATT negotiator Wylian Otrera.

The communique states that Minister Cavallo said: "The Argentine position is consistent with that of the countries of the 'Cairns' Group and of the Mercosur [Common Market of the South]."

The minister added that meetings with representatives of Congress and of productive sectors (farming, industrial, and services) will continue in order to evaluate the progress made on the negotiating process that will begin on 13 January.

The communique states that the minister believes the Argentine position is consistent "with its traditional goal

of strengthening the multilateral mechanisms that seek to liberalize world commerce, to promote multilateral contacts, and to eliminate the harmful practice of subsidies and other distortions."

Government Allots Funds for Nuclear Project

PY1001171392 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1343 GMT 10 Jan 92

[Text] Mar del Plata, 10 Jan (NA)—Manuel Mondino, chairman of the National Commission for Atomic Energy (CNEA), has reported that the government has earmarked $350 million to expedite the construction of the Atucha II nuclear plant. It is thus expected that 90 percent of the project will be completed by the end of this year.

Mondino is currently resting in this resort city. He said Argentina is not interested in receiving any nuclear waste.

Commenting on the funds earmarked by the government for the Atucha II nuclear plant, Mondino said: "It reflects an awareness by senior government officials that there can be no growth without energy."

Mondino said that 1991 was a better year than 1990 in that the government had the satisfaction of dedicating the Mendoza School of Nuclear Medicine and Atucha I worked beautifully.

The CNEA chairman compared Atucha I to "a prodigal son" because when the reactor broke down in 1988, "Argentine CNEA technicians managed to repair it and get it operational again even though very few people believed this was possible."

CNEA Denies Nuclear Dump Planned for Gastre

PY1301174292 Buenos Aires LA PRENSA in Spanish 11 Jan 92 p 3

[Excerpt] The National Commission for Atomic Energy (CNEA) has flatly denied the possibility of building a nuclear dump in Gastre, Chubut Province, stating that the rumors "are pure fantasy."

Chubut Governor Carlos Maestro asked Elias Palacios, CNEA radiology [as published] and nuclear security manager, about the rumors. He said that the rumors about a nuclear "dump" in Gastre are entirely false because "studies to see if the region is suitable have not even been completed." [passage omitted]

Governments Reach National Political Agreement

PY1201215692 Buenos Aires BUENOS AIRES HERALD in English 11 Jan 92 p 11

[Text] Neuquen (DYN)—Jorge Sobisch yesterday disclosed plans for a national political agreement under which the central government would settle its debts with the provinces in return for support in Congress for a constitutional amendment, which would include a clause allowing presidential re-election.

Sobisch said provincial Senator Elias Sapag and President Carlos Menem were attempting to reach "a broad political agreement" in this respect between the central and provincial administrations.

The accord would contemplate a global negotiation of debts between the central and Neuquen governments and a debate on federal revenue percentages for oil royalties and electric power generation.

In statements published yesterday by the General Roca daily RIO NEGRO, Sobisch admitted that negotiations had reached the brink of failure but announced they were back on course now that Sapag had contacted Menem.

The pact with the ruling Neuquen Popular Movement would allow the national government to receive the endorsement of other provincial parties in its bid to reform the Constitution and introduce presidential reelection, allowing Menem to run for a second term in office in 1995.

The central government owes Neuquen 125 million dollars in arrears for the supply of hydroelectric power, according to local authorities.

Supreme Armed Forces Council Chairman Dies

PY1101172592 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1603 GMT 8 Jan 92

[Summary] Buenos Aires, 8 Jan (NA)—General Horacio Anibal Rivera, head of the Armed Forces' Supreme Council, died last night of a heart attack in Punta del Este, Uruguay. He was 67.

Bolivia

Paz Postpones Meeting With Peru's Fujimori

PY1301201892 Madrid EFE in Spanish 1655 GMT 8 Jan 92

[Text] La Paz, 8 Jan (EFE)—Bolivian President Jaime Paz Zamora postponed his trip to Peru until 24 January because of the "atmosphere of social conflict" in his country, presidential sources told EFE today.

Paz Zamora was due to visit the Peruvian port of Ilo on 13 January to meet his Peruvian counterpart, Alberto Fujimori, with whom he was to have signed an agreement to give Bolivia access to the sea through that Peruvian port.

The Bolivian president preferred to postpone his trip "after the Bolivian Labor Federation (COB) threatened to intensify its coercive measures," the sources said.

After the failure of the general strikes called for 2 and 6 January, the COB announced that it will intensify its

coercive measures against privatization of some state-run companies and the participation of foreign capital in others.

According to the local newspaper LA RAZON, during a formal ceremony on 7 January, President Paz Zamora made a call "to continue along the path of dialogue and consensus, listening to minority groups who also have rights. We are addressing them with a fraternal spirit so we may all form a single national community."

According to official Peruvian sources, the agreement to be signed by Paz Zamora and Fujimori will give Bolivia access to the Pacific Ocean through a highway joining the Bolivian town of Puerto Suarez, on the Bolivian-Brazilian border, with the Peruvian port of Ilo, which will be declared a duty-free zone.

In turn, contrary to what the Peruvian press reported yesterday, Bolivian Foreign Minister Carlos Iturralde yesterday did not travel to Lima to meet with his Peruvian counterpart, Bolivian Foreign Ministry sources told EFE.

The same sources reported that Iturralde and Paz Zamora will travel to Peru on the same day.

Bolivia became a landlocked nation in 1881 when Chile invaded its coastal territory on the Pacific Ocean.

Government Retracts Labor Federation Charges

PY1001133692 La Paz Radio Fides Network in Spanish 1100 GMT 10 Jan 92

[Text] The government has retracted charges it leveled against the Bolivian Labor Federation, which the government had accused of being a terrorist organization. Interior Under Secretary Dr. Marco Antonio Oviedo said the interior minister's remarks on the attacks in La Paz and Oruro were misinterpreted.

District Attorney, Labor Heads Comment on Strike

PY1101150692 La Paz Television Boliviana Network in Spanish 0200 GMT 11 Jan 92

[Excerpts] The District Attorney's Office has stated that the constitutional guarantee for protection submitted by a group of union leaders against the interior minister is unfounded.

Almost everyone agrees that COB [Bolivian Labor Federation] leaders are no longer very successful, because after the hunger strikes and demonstrations, they are now trying to call a general, indefinite strike. This has also been a total failure according to two antagonistic leaders: Walter Delgadillo, former leader of the COB, and Mario Rueda Pena, official government spokesman.

[Begin Rueda Pena recording] I remember two things Walter Delgadillo said that are absolutely true: first, that the trotskyist-labor-anarchists—he did not use this term, but it was implicitly understood in his words—have no chance of success in a confrontation with the government because they do not know how to measure their possibilities. Therefore, they have not and will not have a clear notion of their true role in the internal correlation of forces. The second truth is that there are two tendencies within the COB that are currently fighting each other. This situation has not yet been resolved, and Delgadillo was right when, referring to this problem, he said: The old COB leadership is holding on to the old myths, to the old dogmas of the Pulacayo theory, and the new and vigorous union leadership is still besieged by the blackmailing attitude of the old union leaders who will sooner or later manage to get through dogmatism to show up in the scenario of the new and modern Bolivia. [end recording]

Very little has been said, however, about the real scope of the strike and how many workers comply with the trotskyist-labor-anarchist call to strike. Overall figures show that 60 percent of miners are working normally, while only 40 percent are on strike. In other words, the majority has disobeyed the trotskyist-labor-anarchists, while revolt against the law and the workers' right to consolidate their employment or to find employment through investment is carried out by a minority.

[Begin Rueda Pena recording] Sixty percent of all employees are working while 40 percent are on strike. [end recording] [passage omitted]

It is appropriate to note that due to the decline in nationalized mining activities, private mining activities have increased in size and importance, and in this front no mineworker is on strike. A union cause is just when the workers' interests are truly taken into consideration. Today the mineworkers want to guarantee their employment, and those who do not have a job want to have one. Perhaps this is the cause of the major disobedience to the trotskyist COB front, which is not interested in complying with the demand for employment of the grassroots but in guaranteeing its own subsistance as leaders trapped within an obsolete dogma. [passage omitted]

Committee Chairman on Results of Antidrug Efforts

PY1101024692 La Paz La Red Panamericana in Spanish 0000 GMT 11 Jan 92

[Passages within quotation marks are recorded]

[Text] Lorgio Rivera, Senate Narcotics and Drug Addiction Committee chairman, has said that the international community must understand that all Bolivians, from President Jaime Paz to the last Bolivian citizen, are making great efforts in the antidrug struggle.

[Rivera] "I believe we are working hard and have achieved important results in the antinarcotics struggle in Bolivia. Because Bolivians have made great efforts in this struggle, we have been able to block the entrance of about 300 tonnes of cocaine hydrochloride worth about $1.5 billion on the international market."

Rivera said this is very important for the international community, particularly consumer countries. He added that Bolivia is far ahead of any other cocaine-producing country in the antidrug fight.

[Rivera] "Of course, we must note the great effort Bolivia has made in this regard. Despite being a country with a weak economy, Bolivia has seized innumerable cocaine factories. About two cocaine factories are destroyed every day. This is a spectacular figure."

Moreover, Rivera said Bolivian authorities have also seized a large quantity of chemical precursors.

[Rivera] "(?This is) important to note because in comparison with other countries also submerged in the antidrug struggle—such as the EEC, Japan, and the United States— I can say that in my capacity as Senate Narcotics and Drug Addiction Committee chairman, I have not been informed that these countries have arrested as many drug leaders as we have despite the fact that drug leaders in the United States and the EEC are involved in the abominable task of distributing drugs and promoting their use."

Army Chief Says Armed Forces Support Government

PY1001130892 La Paz Radio Fides Network in Spanish 1100 GMT 10 Jan 92

[Relay by Nataniel Alvarez from Santa Cruz]

[Text] The Army commander in chief, Division General Oscar Escobar, reiterated here on 9 January that the Armed Forces fully support the form of government elected by the people and will do everything necessary for democracy to improve and endure. Escobar installed General Carlos Casso as new commander of the 8th Division. Casso replaces General Emilio Lanza, who was designated secretary general of Conase, the National Security Council.

Gen. Escobar said the Armed Forces have always cooperated and are still willing to cooperate with national development, but to this end they need funds. He added that two battalions are ready to fight drug traffickers and will do so as soon as Conalid [National Council Against Drug Abuse and Illegal Drug Trafficking] orders it. Escobar explained, however, that the Armed Forces will not participate in the compulsory eradication of coca farms, nor will they confront coca growers.

Brazil

Second Article of Collor's Agenda for Consensus

PY0801160692 Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 Jan 92 Section 1 p 3

[Second article by President Fernando Collor in the "Agenda for Consensus" series: "The Role of the State"]

[Text] In the first article of this series "Agenda for Consensus: A Social-Liberal Proposal," I introduced the goals that today's Brazilian society aspires to and that form the nucleus of that agenda.

These goals have a common theme: In all of them the state appears as the object of necessary changes or as the initiator of policies that will encourage economic and social change. This line of thought encouraged me to face the specific question of the state's role.

In effect, we cannot reform the state without a clear conception of its role in today's world. This concept is clear for social-liberals: The modern state must reduce its involvement in productive activities and increase its involvement in promotion and services. The state should promote a development strategy. It should sponsor a national project to provide a picture of the future development of the economy and society to the economic agents. It should supply alternatives so the private sector can make decisions. It should provide essential social services; guarantee education, health, and sanitary services—particularly to the poorest sectors; and provide the necessary conditions for technological development as the basic element for society's material development and its efficient war on poverty.

The state as producer, that is, the massive and direct presence of the state in the economy, is in crisis everywhere. The world trend is clearly to decentralize economic decisions, give autonomy to companies, and allow the play of market forces.

We do not want to return to a utopian restoration of laissez-faire because it is anachronistic and because in this system the state's only role is to maintain social order. This doctrine became impractical because so many economic aspects and modern technological needs require a material infrastructure and professional training so broad and expensive that only the state, directly or indirectly, can provide it.

We also know that the greatest successes in economic growth after World War II, Japan and the "Asian tigers," did not conform to the model of large state participation in the economy. The state was only felt in development projects. In effect, in Japan the state controls 20 percent of the economy; in the ROK the state controls 25 percent of the economy. These states developed with a system quite different from the model of very high state participation exhibited by the majority of the so-called Third World countries.

The real dilemma is not the presence or absence of the state in the economy. That possibility already was decided in favor of the state's presence by the end of the last century. The modern dilemma refers to something else. It refers to the kind of desired state participation: a state directing its involvement in production or a state planning production promotion; a state that is an ally or a rival of the market.

The discrediting of the state as producer—the incarnation of economic statism—is obvious and generalized. This does not mean, however, that the state, especially in developing countries, must give up its role as arbiter or controller of the economic policy. The state's control of the economy has proven to be ineffective, but the strategic thinking remains necessary.

To the retreat of the state as producer, replaced by the state as promoter of development, is added the state as supplier of resources and social services. Only a financially healthy state is capable of changing its course toward the social and of promoting mechanisms designed to encourage an effective redistribution of income and the national wealth. A slim state, replacing the obese state of today, is gaining new conditions to promote productive development. That financially robust state is in a position to carry out two things essential to improving the people's living conditions: restored to its capacity to invest, the state generates—indirectly—a large number of employment opportunities, becoming able to implement programs of broad social meaning on an unprecedented scale.

The semantic confusion regarding the idea of a "strong state" in Latin America must be eliminated once and for all. The truth is that a strong state does not mean a state at the same time authoritarian and impotent, as that which the Latin American statism, of the right or the left, had made prevail until recently. It is that which receives the respect of society to effectively meet its social demands. It returns, in the form of good-quality public services, the taxes collected by the National Treasury.

The state is able to decide and arbitrate, by democratic authority and not by force, the conflicts that society cannot resolve by itself.

An authoritarian state that allows itself to be dominated by oligopolistic interests is not a strong state. It is a weak, ineffective state, a puppet in the hands of private interests. It is an increasingly weaker state because it is economically, socially, and politically less functional.

The new state Brazil needs is a state at the service of society and not a lord-state. That is precisely the state the social-liberals want to build.

The Brazil of today has, at the same time, a state too big and a state too small: a state too big in the economic framework where state control can even smother the market economy; a state too small in scientific and technological fields and in the social framework in which so many services are ineffective, precarious, or nonexistent. That is the reason for the urgent need to reform the state: for political freedom, for economic development, and for social justice.

Article Three

PY1001013692 Sao Paulo FOLHA DE SAO PAULO in Portuguese 7 Jan 92 Section 1 p 3

[Third article by President Fernando Collor in the "Agenda for Consensus" series: "Democracy, Political Reform, and Human Rights"]

[Text] My government has been the bearer of the message of democracy. Freedom is the main theme of its modernization program. The unprecedented and courageous measures that have been adopted have been subjected to exhaustive debates in both the legislative and judicial branches. The Agenda for Consensus is another stage in the process of perfecting Brazilian democracy. It is an invitation for debate and especially for conscientious participation. We will be able to change this country if we unite our democratic wills to achieve this change. In this article I discuss some ideas on my view of modern democracy.

Social-liberalism claims that democratic practice is the historic consequence of the liberal movement. All developed nations achieved democracy based on liberal institutions: freedom of speech and joint organizations, a free congress, independent courts, and the pluralism of political parties.

Democracy is the regime in which the people participate in an equitable and periodic manner in the election of government and legislative officials. It is the regime in which freedom and equality are interrelated and in which the people's will is the source of any legal power. Democracy is still the government of the majority that respects the rights of the minority. This eminent liberal characteristic presupposes that the exercise of democracy means that human rights must be strictly upheld.

As a result of this unconditional defense of human rights, we must grant particular importance to the issue of making the courts more accessible to the people. Even today low-income Brazilian masses do not have access to the courts. By making the courts more accessible, we will be adjusting the government to the needs of civilian society, the ultimate beneficiary of political activity.

Another crucial issue that Brazilian society must resolve in a decisive manner by improving maternal and family care is the appalling situation of Brazil's abandoned children. Any activity in the human rights field will be insufficient and weak if it is not accompanied by absolute and prioritized attention to children and adolescents.

In a democratic order, minority groups must also be the object of respect and consideration by ending all forms of racism, discrimination, and prejudice. The rights of women must be strictly upheld.

In Brazil's case, this respect for minority groups must particularly include indigenous groups. It is essential to

comply with the constitutional regulations demarcating Indian lands, as my administration has been doing to safeguard Indian culture.

Freedom of information is, according to social-liberalism's viewpoint, one of the main rights of a modern society. It implies transparency on the state's part. To grant the people as much information as possible about the government's actions and strategies is currently a democratic requirement strongly identified with the liberalization era in which we are living: The participation of the citizenry consolidates the democratic culture and contributes to the government's efficiency.

Social-liberalism also seeks pluralism. A liberal society cannot exist without a legal and legitimate coexistence of various currents of opinion and groups of interests. Without the political expression of pluralism—the pluriparty system—there is no democracy worthy of being regarded as such. I believe we must seriously think about the ways to improve our partisan system, which is still imperfect.

In order to give our political parties strong and lasting social roots that will truly change the mentality of our social class, we must contemplate the possibility of a structural review of our electoral system with the purpose of: a) strengthening ties between political parties and municipal governments, the living force of nationalism; b) establishing a mixed district vote for deputies and councilmen, thus correcting the disproportionate representation of the states in the federal chamber; and c) creating mechanisms that will safeguard the commitment of the peoples' representatives to the program guidelines.

Those are the prerequisites to establish a parliamentarian system, which we uphold as the necessary tool to improve our democracy and better organize the social forces around a national project.

Social-liberalism is aware that the superiority of democracies lies in their self-criticism power, thus offering society a regular and orderly method to correct the government's possible mistakes. Therefore, social-liberalism fully assumes that democracy is a responsible system.

Free institutions; a democratic state of law; civilian and political equal rights; autonomy and pluralism; respect for minorities and human rights; access to justice; openness and participation; political, partisan, and electoral reform; and responsibility and leadership are the essence of the social-liberal political message, which intends to help the Brazilian political apparatus overcome the challenges of our social debt.

In social-liberalism's viewpoint, freedom has two great aspects: choice and access. Without choice, access to social benefits denies freedom and suffocates identity. Without access, freedom of choice in the labor and leisure fields becomes a privilege and turns democracy into an oligarchy.

Social-liberalism refuses to expand and enrich the experience of choosing with a decided expansion of the access mechanisms. In view of this ethical-social inspiration, social-liberalists reassert their commitment to the republican ideal.

In Brazilian history, the idea of a republic means federalism, municipalism, a balanced relationship between powers, a participative citizenry, a dignified public function, and, above all, a civic awareness and an all-out struggle against corruption and nepotism. The republican feeling is the moral support of social-liberalism, which, above all, is conceived as an ethical liberalism.

This is democracy's social-liberal viewpoint.

Article Four

PY1001223092 Sao Paulo FOLHA DE SAO PAULO in Portuguese 8 Jan 92 Section 1 p 3

[Fourth article by President Fernando Collor in the "Agenda for Consensus" series: "The Economic Model - Democratic Capitalism"]

[Text] When I addressed the nation on 23 December, I discussed the obsolete Brazilian economic model and commented on how hard it was to choose an alternative to replace it. The Agenda for Consensus can be the political framework for debating the methods and instruments that will be used to construct a new model.

Social-liberalism can contribute to this process. It proposes that the construction of a new economic model be based on a principle that effectively ensures progress and well-being for all. We must avoid giving it the characteristics of a corporatist quilt that would only favor the interests of a minority instead of ensuring real development.

For followers of social liberalism, an economic model is an imminently practical problem: It consists of knowing what is the best way of leading Brazil, as soon as possible, toward development levels that will ensure a dignified, just life for all.

An objective evaluation of economic growth and success in the social sector in modern history supports the superiority of a decentralized economy based on a market economy and free enterprise, which are motivated by a desire for profit and which are accustomed to risks and innovations and are open to international tendencies.

In fact, there is no doubt about the three-sided viewpoint of effectiveness, freedom, and general prosperity. Democratic capitalism is clearly the winner in international competition between economic models. There is no "Third World alternative." On the contrary, hesitation

in following the formulas and paths that have been established historically can fatally delay modernization.

The social-liberals do not, however, have an ingenuous view of capitalism and admit its flaws: the cyclical instability that can lead to inflation and unemployment; the tendency toward the formation of monopolies; and the unequal distribution of income.

These factors lead to the need to introduce, within liberalism, a social dimension that defines the ethical premises of its improvement and correction. These factors also note the need to have a strong state capable of supplying very clear guidelines for economic agents; strengthening the growth rate, which is inherent to capitalism; and fighting poverty and income inequities.

In a world of continuous change that demands continuous renovation, capitalism is the most effective system, a necessary path to overcome inequality. It is also an essential element in the culture of liberty. Historically, an economy based on free initiative has always supported political freedom. If democracy stems from historical liberalism, this in turn has always flourished in association with the capitalist economy.

We must admit, however, that underdeveloped areas of capitalism do present uncomfortable vestiges of misery (which is the lack of basic needs) or of poverty (which is the lack of what is superfluous, freely chosen). This leads to decisive reinforcement in construction of the new model, of its social dimension.

Recent studies show that a market economy is the most propitious model for the gain of true profits by unskilled workers—exactly the workers who are considered the poorest of their type in underdeveloped countries.

Capitalist development based on "intensive-work" growth is more effective for income distribution than redistribution strategies that seek to damage investment and the formation of capital. We must admit that the future availability of capital is a long-term source of greater prosperity for workers themselves.

Capitalism has found methods to overcome its historical forms of conflict. In developing countries with market economies, progress and the practice of negotiation supported by institutionally strong interlocutors have gradually eliminated the ideological contradiction between capital and labor. History has demonstrated to workers in developed capitalist systems that the so-called capitalist model is not necessarily unfavorable to them. That history has been made, to a great extent, with the participation of workers in production and in the mobilization and struggle for better working and living conditions, thanks to the freedom of expression of democratic-capitalist regimes.

In choosing the capitalist model we must be aware that the model is more efficient, more free, and will be more just if we know how to implement the essential ethical qualifications demanded by society.

In the opinion of social-liberals, we must distinguish between the current different forms of capitalism. Plundering, oligarchical capitalism is retreating. Modern, democratic capitalism is rising. The democratization of capital in industrially advanced countries tends to grow; it is a true silent revolution currently creating new contingents of shareholders and owners. Privatization programs, such as the one we have adopted in Brazil, are included in the democratization of capital movement.

A land program, conceived without archaic collectivism, is another large avenue for the democratization of capital. It is for this very reason—in the spirit of social capitalism—that the program must go "hand in hand" with the definite modernization of agricultural production structures in Brazil.

Starting from this consensus on choosing the master guidelines of the capitalism we want—modern, democratic, participative, and social—these guidelines of economic policy can be debated in a clear and rational form and can be part of a national project.

I sincerely believe in the profound convergence between social capitalism and political democracy. We want a robust, independent capitalism in which a legitimate quest for profit, an appetite for profit, and an authentic business spirit are distinguished from mere piratical speculation.

It is this social capitalism that social liberalism wants to submit to national debate.

GATT Multilateral Trade Proposal Approved

PY1001134292 Rio de Janeiro O GLOBO in Portuguese 9 Jan 92 p 30

[Text] Foreign Minister Francisco Rezek has reported that Brazil supports the accord on multilateral trade rules for the next 10 years proposed by GATT General Director Arthur Dunkel.

The subsidies granted by the EEC to the agriculture sector were the main point of disagreements during GATT negotiations. Dunkel proposed a 35-percent average reduction in those subsidies over 10 years. The EEC member countries did not agree with this in principle. After a 20-minute meeting on 8 January between Rezek, Economy Minister Marcilio Marques Moreira, and Agriculture Minister Antonio Cabrera, Brazil decided to support Dunkel's proposal. During the 13 January meeting in Geneva, the GATT member countries will decide whether they support it.

Pensioners Begin Collecting Adjusted Pay

PY1001231192 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 10 Jan 92

[Excerpts] Sao Paulo National Institute of Social Security [INSS] superintendent Roberto Santiago has confirmed that the INSS will respect the court ruling and pay

Sao Paulo State pensioners the 147 percent adjustment as of 16 January. [passage omitted]

Today approximately 70 percent of pensioners in Rio de Janeiro State collected their pensions with a 147 percent adjustment. [passage omitted]

Trafficker's Links to Legislators Investigated

PY1001114892 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 9 Jan 92

[Text] The Chamber of Deputies has asked Parana State police to supply information on the identification card found on a drug trafficker arrested yesterday in Goioere.

A Rondonia State deputy confirmed that the arrested drug trafficker had worked as a campaign manager for Rondonia politicians in the last elections.

[Report by Marcos Losekann] The arrest of drug trafficker Arivaldo Minoto with 2.5 kg of cocaine would be another police case if it was not for a single detail: This identification card, which was found by the police among his personal documents, authorizes free access to the National Congress building.

The identification card is signed by (Manoel Francisco Chagas Netto), Brazilian Labor Party federal deputy for Rondonia State. However, this signature has yet to be verified.

Today the Chamber of Deputies general secretariat asked Parana State police to supply a copy of the identification card that was found. The Chamber of Deputies wants to know whether this identification card was indeed officially issued or if it is forged.

This is because there are several types of cards issued at the Congress building, such as this visitor's card. This card also carries the Chamber of Deputies seal, but there is no need for an official authorization to obtain it. This visitor's card can be obtained at the counter.

According to Chamber of Deputies General Director Adelmar Sabino, only identification badges need to be officially authorized. It was one of these identification badges that was forged by former Deputy Jabes Rabelo. The other cards are very simple and can be easily forged at any print shop.

[Begin recording] The information included in the document we have on hand does not ascertain whether the card in question is indeed an identification card or merely a personal card. [end recording]

While the Chamber of Deputies secretariat is investigating the identification card, police have started to investigate the names of those politicians included in the drug trafficker's phone book, such as those of the late Senator (Olavo Pires), who was assassinated more than one year ago; and former Deputy Jabes Rabelo, who last year was stripped of his legislative immunity.

Deputy Edison Fidelis, whose name is also included in the drug trafficker's phone book, said during a telephone conversation that Arivaldo Minoto was an excellent election campaign manager and that he had raised no suspicions in Rondonia. [end recording]

In Fortaleza, former Deputy (Chagas Netto) has said he did not sign any identification card during his term in the Chamber of Deputies. He admitted that he knows Arivaldo Minoto in his capacity as campaign manager of the late Senator (Olavo Pires).

Irish Foreign Minister Meets Rezek

PY1001124892 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 10 Jan 92

[Text] Irish Foreign Minister Gerard Collins, who is on a four-day visit to Brazil, met his Brazilian counterpart, Francisco Rezek, at Itamaraty. The main item on the agenda was the promotion of trade relations between the two countries.

During the meeting, the visitor confirmed that Ireland will send a representative to the UN Conference on Environment and Development to be held in Rio de Janeiro in June.

The Irish minister will depart today for Manaus, where he will have lunch with Governor Gilberto Mestrinho. He will travel to Rio de Janeiro on 11 January.

Chile

Government Must Compensate U.S. in Letelier Case

PY1301130092 Santiago Television Nacional de Chile Network in Spanish 2330 GMT 12 Jan 92

[Excerpt] State Defense Council President Guillermo Piedrabuena has stated that although the state planned to pay less, the amount established by the Bryan Commission is reasonable.

The U.S. and Chilean Governments agreed during 1990 to adhere to a treaty to solve controversies that has been in force since 1916, seeking to definitely solve the controversy over the death of Orlando Letelier and Ronni Moffitt. At that time the Bryan Commission was established. It comprised Chilean attorney Francisco Orrego, U.S. citizen (Malcolm Welky), British citizen (John Queeland), former Uruguayan President Julio Maria Sanguinetti, and Venezuelan citizen Andres Aguilar.

After four months of work, the Bryan Commission yesterday disclosed its final decision. It first ruled that the Chilean Government must pay the U.S. Government $2,611,892 in compensation. Of this amount, $1,456,400 will be given to the Letelier family and $815,000 to the parents and husband of Ronni Moffitt.

The commission also ruled that the indemnization should be paid as soon as possible and that no other claims can be made on Chile. [passage omitted]

Venezuela Releases Statement

PY1401010892 Santiago Radio Cooperativa Network in Spanish 2200 GMT 13 Jan 92

[Text] The Venezuelan Embassy in Chile said today that Venezuelan President Carlos Andres Perez already has testified several times in the Letelier murder case.

The Venezuelan Embassy in Santiago released a statement related to several topics and questions on this matter indicating that the Venezuelan president has made his position clear before the Venezuelan and Chilean people and the international community.

The Venezuelan Embassy said that it no longer has anything to say in relation to comments by people about whom President Perez already has stated his position; therefore, it considers this case closed.

People Chain Themselves to Uruguayan Embassy

PY1101180292 Santiago Radio Chilena Network in Spanish 1600 GMT 11 Jan 92

[Text] Ten people have chained themselves to the internal grilles of the Uruguayan Embassy in Santiago on Pedro de Valdivia Avenue. The demonstrators demanded the release of political prisoners.

Sources at the Interior Ministry have said that officials and security organizations are studying the situation. A Uruguayan Embassy spokesman said no official information will be released before they are fully aware of what is happening.

The 10 demonstrators, who belong to the youth liberation movement, arrived at the embassy at around 1030 this morning. Jose Maria Alzamora, Uruguayan ambassador to Chile, is aware of the situation.

Carabineros admitted that its personnel have taken action in the incident, but Carabineros directors said that all official reports will be channeled through the Interior Ministry.

Russian Official Comments on Honecker Case

PY1001125892 Santiago Radio Chilena Network in Spanish 1000 GMT 10 Jan 92

[Text] Russian Embassy Minister Councillor Igor Rybalkin has stated that the Honecker case should be handled with kid gloves to reach an understanding. He expressed hope that the case will be solved. He also pointed out that the Russian Government is strictly observing international norms, consequently it is absurd to think about an attack on the Chilean Embassy. Concerning the crisis affecting the former Soviet Union, Rybalkin said:

[Begin recording] I think the situation will be overcome, but I do not know exactly when. I think it will take a long time considering the size of the country and the different aspects of the deep crisis. But the Russian Government has decided to implement a package of radical and, in a certain sense, drastic reforms, which in principle will cause the people's (?standard of living) to decline. [end recording]

Rybalkin said this after meeting with Enrique Correa, minister secretary of government.

[Madrid EFE in Spanish at 1540 GMT on 10 January adds: "The diplomat said that the 'Honecker case' has not affected relations between Chile and Russia and stated that no negotiations are currently under way between the two countries on the presence in the Chilean Embassy of the former GDR communist leader."]

Retired Officer Arrested in Arms Shipment Case

PY1001114092 Santiago Television Nacional de Chile Network in Spanish 2330 GMT 9 Jan 92

[Excerpts] The military and civilian courts continue their investigations in the illegal arms shipment case. Today a military prosecutor ordered the arrest of a retired Air Force officer, and Special Judge Hernan Correa de la Cerda interrogated a civilian employee of Famae [Army Ordnance] for more than four hours.

Correa de la Cerda interrogated Carmen Gloria Molina in Santiago Criminal Court. She refused to talk to the press after leaving the court. [passage omitted]

As a result of the investigations being conducted, military prosecutor Raul Rosas ordered the arrest of Air Force Captain Patricio Perez, retired. [passage omitted]

This afternoon Patricio Perez was again interrogated by prosecutor Rosas in a military facility. Patricio Perez was taken back to the detention center after the interrogation. [passage omitted]

Officer Indicted

PY1401013692 Santiago Television Nacional de Chile Network in Spanish 2330 GMT 13 Jan 92

[Text] A few minutes ago Military Prosecutor Raul Rosas decided to indict Captain Patricio Perez, retired. Perez will be prosecuted for forging private documents and for violating Article 10 of the Arms Control Law.

Two people already have been indicted in this case. One was indicted by a civilian court, and this case was indicted by a military court.

PDI Suggests Pinochet Involved in Smuggled Arms

PY1001194592 Santiago Radio Chilena Network in Spanish 1600 GMT 10 Jan 92

[Text] The Leftist Democratic Participation Movement [PDI] has requested that General Augusto Pinochet be

questioned about his activities during his tour of some European countries in 1991. PDI leader Luis Rendon said this will determine whether the trip was in any way connected with the arms shipment smuggled to Hungary. Rendon said:

[Begin recording] This investigation would be very important. Gen. Pinochet should be questioned on his contacts during his latest tour of Europe. At the time he said he went to Europe to negotiate on behalf of Famae [Army Ordnance]. It will be interesting to learn what he did in Europe on behalf of Famae, the contacts he made, and to learn if the case has something to do with his negotiations. [end recording]

Rendon said that once this case is clarified, the people should reflect on the benefits of Chile exporting weapons. He finally said that the PDI supports the idea of creating a Chamber of Deputies investigative committee to clarify the arms case.

New Antiterrorist Brigade Created

PY1301143492 Santiago Radio Chilena Network in Spanish 1000 GMT 13 Jan 92

[Text] Horacio Toro, retired investigative police director general, has recently created a new antiterrorist brigade to fight terrorism in the country. This brigade will operate independently from the other intelligence departments and will be directly subordinated to Gen. Toro. The brigade consists of 60 investigators from throughout the country and is headed by an antiterrorism and homicide expert whose name was not revealed for security reasons.

Reliable sources said the latest police success was the elimination of an important Lautaro military cell responsible for a series of raids in the capital and in the 8th Region and for the killing of the region's civilian police prefect.

Supreme Court Expresses Support for Chief Justice

PY0901210392 Santiago Radio Chilena Network in Spanish 1600 GMT 9 Jan 92

[Report by Teresa Barrias]

[Text] The Supreme Court today supported the position of the chief justice over the judicial amendment bill. This was announced a few minutes ago by Supreme Court Secretary Carlos Meneces.

[Begin recording] During a meeting today, the Supreme Court agreed the following:

1. To express and categorically confirm that the opinion of the chief justice is supported by almost all Supreme Court members.

2. To confirm the solidarity of the Supreme Court with the chief justice's public defense of the essential and exclusive attributions of the judicial branch, particularly those regarding the autonomy of the judicial branch.

3. To release to the press [words indistinct]. [end recording]

Thus the Supreme Court has expressed its views on the judicial amendment bill.

Moreover, General Fernando Torres Silva, the military auditor, today confirmed that one person has been arrested on the instructions of 6th Military Court Judge (?Raul Rosas). The person in question is involved in the illegal shipment of arms to Croatia. He has not been identified.

A woman testified today for several hours at the 18th Santiago Criminal Court during the parallel court investigation being carried out by Special Judge Hernan Correa. The woman was identified as Carmen Gloria Molina, but her specific involvement in this case has not yet been specified.

Judge Hernan Correa added that he will continue the investigation and noted that the arrest by the military auditor does not influence the process he is conducting.

The judge also refused to specify whether the court has ordered Defense Minister Patricio Rojas to testify in writing.

Russian Official on Prices, Relations With Cuba

PY1101114492 Santiago Television Nacional de Chile Network in Spanish 2330 GMT 10 Jan 92

[Interview with Nikolay Gulbinskiy, advisor to Russian Vice President Aleksandr Rutskoy, by announcer Bernardo de la Maza during the "24 Hours" newscast in Santiago—live]

[Text] [De la Maza] I am going to have a brief conversation with Nikolay Gulbinskiy, advisor to Russian Vice President Rutskoy. Good evening.

[Gulbinskiy] Good evening.

[De la Maza] Thank you for being here in this news program. I hope your stay in Chile was pleasant and fruitful.

[Gulbinskiy] It was very good, excellent.

[De la Maza] First, I would like to ask if you and Vice President Rutskoy believe that price liberalization in Russia took place at an inappropriate time and without other parallel measures.

[Gulbinskiy] First I should say that the position of the Russian vice president is not an emotional outburst and has nothing to do with political games of which he sometimes is accused. This position is the result of a very profound study of the real economic situation in Russia. I believe the productive enterprises are not developing appropriately. Enterprises are developing in the areas of

speculation, the stock market, commercial banks, etc. This is why we believe the liberalization of prices must be accompanied by other economic measures such as privatization, tax reform above all, and many other measures. We do not oppose the price liberalization, but we do not believe in economic miracles or that neoliberal prescriptions can be applied under the current Russian situation.

[De la Maza] Undoubtedly the people have already reacted, and now that winter is becoming very harsh, there may be popular reactions, disorder, and violent demonstrations against the government. Do you believe that a situation like that could become unmanageable? How do you see the future in this critical situation?

[Gulbinskiy] I believe the situation can be managed, but under a single condition: with the democratic support of the political parties and the political and social movements in Russia. I am sure—and this is also the position of the vice president—that without democratic support, without democratic control of reforms, nothing can be done. That is why we need the support of the current political parties. We need a political and civilian consensus on the reforms being carried out.

[De la Maza] Is a military coup possible if that consensus is not achieved?

[Gulbinskiy] If no consensus is achieved, then the situation can be very dangerous. Even now political leaders without political responsibility are appearing. They are the chauvinist, nationalist leaders. If the economic situation continues to worsen, these populists can have a great deal of political influence. That is why we cannot rule out events like the one we experienced last August.

[De la Maza] There is also information that the Cuban Government reported the arrest of an alleged member of an extremist group who has been accused of murdering three police officers. This event occurred yesterday when police discovered an attempt to escape from the island. I am taking advantage of this information to ask you about it, because you lived in Cuba for two years. What is your opinion on what is happening in Cuba and the cessation of Russian aid to Cuba?

[Gulbinskiy] My opinion is that the current situation in Cuba is very difficult. Cuba is going through one of the worst crises in its history. But I believe the Cuban people are a noble people. They have suffered a great deal and have fought for their political independence. I believe that the Cuban people currently need the support of the international community. I personally believe it would be unjust for the Russian Government to break off all links with the Cuban Government. Of course there is also the opposition in Miami. This opposition does exist, and of course we also hold talks with the opposition in Miami. We should not, however, break with the current Cuban Government. Cuba was a friend of the Soviet Union, and I believe as a humanist, not as a politician, that it is not possible to completely abandon Cuba under the current critical situation.

[De la Maza] What is your position as a humanist on the political situation in Cuba, as well as your position as a Russian who lived there?

[Gulbinskiy] Yes, I say that I am humanist as well as a democrat. We in Russia founded a party that is democratic and humanist. We defend the multiparty system, the system of political competition. Of course we do not accept a political system when there is only a single party intervening in all the problems of the social, political, and economic life of the country. But this is the Cuban people's problem. We are not going to impose any model. In the past we tried to impose a Soviet model on the entire world. This failed. It would not be good to repeat these efforts to impose models. That is why I oppose the idea of imposing a model on Cuba. This is a problem for the Cuban people.

[De la Maza] Thank you very much.

[Gulbinskiy] I also thank you very much.

Communist Party States Position on USSR's End

PY1001023292 Santiago LA TERCERA DE LA HORA in Spanish 28 Dec 91 p 8

[By Ethel Pliscoff]

[Text] The Communist Party of Chile [PCCh], through its leaders Lautaro Carmona, Carlos Zuniga, and Jose Calderon, has made public a long document explaining the party's position on the end of the USSR, stating in one paragraph that "history has not ended."

The PCCh states it is certain that "in the future, the inheritors of Lenin and of the honorable revolutionary traditions of the Soviet peoples will open new paths of progress and resistance to capitalism."

In the document, the PCCh acknowledges Soviet progress in the social, cultural, and scientific fields after the fall of the czars, and the system's "unquestionable contribution to the maintenance of peace, the end of colonialism, the defeat of fascism in World War II, and the development of freed peoples." The PCCh also recognizes "the grave mistakes that led to the serious distortions of the original Leninist project."

The PCCh leaders reiterated that their party blindly supported the process of perestroyka and said that with its failure, as well as the end of the USSR, they "do not question the need for revolutionary renewal."

Although appreciating Gorbachev's administration, the PCCh states that "the disintegration of the USSR and the regression toward capitalism were avoidable" since they were the consequence of "serious mistakes made in the implementation of perestroyka under the leadership of Gorbachev," whose words they quote, saying: "The old system was destroyed without first clearly setting the basis for a new one."

The PCCh noted its own historical foundation and development with the support of the Soviet people and communists. In light of "the regrettable events that have taken place," the leaders said they will continue with their eyes and minds open to the lessons of history, as expressed in the PCCh basic program, and with the "will to make an effort to be better revolutionaries than yesterday."

They said that the end of the USSR "is well received by all reactionaries and people uninformed" about the "absolute hegemony that the imperialist forces are trying to establish," which, according to them, will worsen the social contradictions, the abyss between rich and poor countries, and further degrade democratic values.

The PCCh document ends by saying that history has not ended and it expresses its solidarity and support for all those who "in this difficult moment are struggling for a new future to resist the return of capitalism and for the reconstruction of a new socialism."

Roundup of Economic Activities Reports 2-9 Jan

PY0901174192

[Editorial Report] Following are reports on economic activities in Chile monitored by Paraguay Bureau from 2 to 9 January. Source, date, and time are given in parentheses after each item.

The National Statistics Institute has reported that the inflation rate for December was 1.2 percent. The inflation rate for 1991 thus totals 18.7 percent. Officials said this is a success because the government has reduced inflation from 27.3 percent in 1990 to 18.7 percent in 1991. (Santiago Radio Chilena Network in Spanish 1600 GMT 2 Jan 92)

Finance Minister Alejandro Foxley has reported a 50-percent increase in 1991 public savings as compared to those of 1990. He explained that in 1990 public savings represented 2.7 percent of the gross domestic product while in 1991 it totaled 4 percent. (Santiago Radio Chilena Network in Spanish 1600 GMT 3 Jan 92)

Fernan Ibanez, executive secretary of the foreign investments committee, has reported that investments approved in 1991 totaled $3.4 billion. He added that actual investments totaled $78 million. (Santiago Radio Chilena Network in Spanish 1000 GMT 9 Jan 92)

• Buchi on Candidacy, Government's 'Mediocrity'

• Presents Proposal

92SM0197A Santiago LA NACION in Spanish 18 Dec 91 p 13

[Report by Aida Hanania]

[Text] Defeated rightist presidential candidate Hernan Buchi proposed yesterday to National Renewal [RN] and the Independent Democratic Union [UDI] that the members of those parties themselves be the ones to elect the candidate for prime minister, who will represent them in 1993, through a consensual mechanism that would be formulated after the municipal elections.

Buchi, who was recently UDI National Counsellor, stated that he formulated this proposal purely independently, in order to prevent the next municipal elections from becoming "a contest for presidential candidates instead of a genuine competition to resolve communal and regional problems."

He trusted that the leadership of the RN and the UDI would support his call for the unity of that political sector and indicated that he had all the moral authority to formulate this proposal because of the fact that he had been the official candidate for those two parties. He stated that he had not discussed this proposal with the UDI leadership since it transcends political positions.

He denied that upon accepting the position of "generalissimo" of the UDI municipal campaign he did so in his capacity as president of that party, and reiterated that it is necessary to differentiate between the natures of the two parties. "I am not campaigning, I do not seek to be the presidential candidate, nor is this a strategy," said Buchi, who nevertheless did not reject the possibility of becoming the official candidate for prime minister if that is what his party decides.

Pablo Longueira

UDI Vice President Deputy Pablo Longueira said yesterday that it was that party's political committee itself, at its meeting last Monday, that had authorized Hernan Buchi to publicly articulate his proposal.

Deputy Longueira stated that even if he agreed with Buchi's authorization to make that public statement, he does not support the election mechanism of electing the candidate directly by the members of the two parties.

He argued that the UDI "has not had a very good experience" with the system of consulting the RN militancy, since that mechanism lent itself to "irregularities" in the past, when it was resolved to expel the late Senator Jaime Guzman from that organization.

The deputy believes that the system proposed by Buchi is very "risky," since its lack of transparency could lead that political sector to a "worse crisis" in the future. He claimed, however, that the formula for broad-based elections could be a valid option to select the candidate "if appropriate precautions are taken."

Andres Allamand

RN President Andres Allamand said that his party will study Hernan Buchi's proposal although he clarified that that mechanism for electing the presidential candidate had already been informally discussed among the RN and the UDI leadership.

He added that the initiative had come from the UDI itself, and that the RN did not find it inconvenient to analyze this or any other efficient formula that would make it possible to succeed in having a single candidate for the right, and a common slate of Assembly candidates.

Allemand recalled that his party had already developed a timetable and a system of direct elections to name its presidential candidate, "always with a view to proposing our best man, without neglecting the possibility of afterwards seeking, with our allies, the person who can best represent our sector."

* Criticizes Government

92SM0197B Santiago EL MERCURIO in Spanish 15 Dec 91 p C2

[Text] Former presidential candidate and current Independent Democratic Union militant Hernan Buchi characterized the government, the Coalition [Concertacion] administration, and President of the Republic Patricio Aylwin, upon completing two years of his mandate as chief of state, as "mediocre."

Buchi reviewed the work carried out in the political, social, economic, and international arenas, pointing out that in none of those areas had the objectives and goals been reached that had been offered by the Coalition and set before Chileans during the election campaign. "This has been neither a good government nor a bad one; it has been a government that is satisfied with very little, frankly mediocre."

He explained that in the political arena, of the major tasks proposed, the only thing achieved in its entirety was the consolidation of democracy, "thanks to everyone's support, as a result of the consensus that this objective requires." Nevertheless, he explained that the Coalition's tendency to establish repeated constitutional reforms does not contribute to that achievement, since "institutional stability, one of the requirements of a democratic society, is not facilitated by constant change in the fundamental dispositions contained in the political constitution."

With respect to the objective of achieving national reconciliation, the former candidate demonstrated that the measures that had been taken—such as the completed laws and the presidential right of pardon—constitute a pattern of conduct on the part of the authorities that can "be characterized as permissive" and that instead of guaranteeing the rights of common citizens, "weakens them in favor of those who have designs against the people's security."

Increased Public Spending

Likewise, in his analysis Buchi pointed out that the task of promoting social justice shows "openly contradictory" results. He stated that the authorities have said that social spending has increased, which "unfortunately is not true; what has occurred is that public spending has increased, to the benefit of some pressure groups who do not represent the poorest of society. It is not social spending that has grown, but rather the bureaucracy."

He added that innumerable modifications have satisfied certain groups only, and not the "people," such as the Teaching Law; the return to SENAME [expansion not given] of direct administration of the centers for minors in irregular situations; the establishment of old-age security in the Isapres [Institute of Public Health and Preventive Medicine], further reducing the access of low-income people to that system; and housing registration through separate channels, individual or collective, which only helps a few.

In the economic area, he indicated that the economic model has been badly administered, "which has interrupted the growth trend of the Chilean economy that permitted us to be leaders on the continent and in the entire world." In addition, he pointed out, there is the lack of confidence in the private sector as an engine of development: "Chile is falling behind and other countries are now more attractive for foreign capital, which affects investment and the hiring of workers by the private sector."

Finally, Buchi stated that in the international area, weakness has been demonstrated in negotiations with powers such as the United States or the European Economic Community, by not obtaining economic benefits from the closer political relations with those governments.

Peru

Human Rights Association Warns of Possible Coup

PY1401111092 Santiago Radio Chilena Network in Spanish 1000 GMT 14 Jan 92

[Text] The Peruvian Association for the Defense of Human Rights has warned about the danger of a military coup and the establishment of a civil-military regime. President Alberto Fujimori's government has approved hundreds of decrees that the human rights association considers unconstitutional and which place the country under a state of siege. The legislative measures hinder freedom of expression and labor rights and encourage militarization. The association is launching an emergency plan that includes assistance to refugees, legal counseling, and information to prepare people in case of a coup.

Economy Minister Comments on 1992 Budget

PA0901023492 Lima Panamericana Television Network in Spanish 1213 GMT 8 Jan 92

[Interview with Economy and Finance Minister Carlos Bolona by Roxana Canedo during a call-in segment of the "Good Morning, Peru" program at Bolona's office in Lima—live]

[Excerpts] [Canedo] Good morning, Mr. Minister. We are at the Economy and Finance Ministry. This is an effort by the "Good Morning, Peru" program, thanks to the Panamericana team. You got up early with "Good Morning, Peru." Our topic is that Congress approved the 1992 budget law in spite of the 29 observations the president made on 41 articles. What has your role been in promulgating this law? Much is being said. It has even been said that there is an economic team advising President Fujimori behind your back, operating in the shadows. It is said that this team came up with the objections that were raised to the budget law, because you even congratulated the president of the bicameral commission and his team for the work done with the 1992 budget law. Let us talk about the facts, right?

[Bolona] I thank you for this question because certain matters must be explained. There is no such economic team operating in the shadows. We have been working with the cabinet, the prime minister, and with the economy minister—yours truly. We reviewed the objections. But let us discuss the facts, as you said.

First of all, the executive branch submitted a 100-article bill to the bicameral commission. The bicameral commission put it aside and drafted a 300-article bill, which was sent to us very late on 12 December. We were first given an incorrect document. Deputy Calmell gave it to us. Then, at the last minute, he delivered the document that was being discussed at Congress. We sent him three letters. However, Calmell only quoted a small paragraph of the third letter.

The first letter was very harsh. In it we raised objections to eight articles. We found that we could clearly establish the identity of the persons who wrote one or two of those articles. Of the eight objections we raised, they agreed with most of them. This occurred on 12 December and here are the letters to prove it. Here is the 12 December letter, which was very harsh. We found, I repeat, articles whose promoters could be easily identified. But these articles were rejected.

A second letter, a very lengthy letter, was written on 13 December. This contained even more objections, there were approximately 40 of them in it. A third letter written on 13 December continued to raise and to stress some objections. A paragraph in that letter notes that we saw a willingness to study the objections we had raised, but it did not say all the problems had been overcome.

[Canedo] Yes, it says: In conclusion, I would like to...

[Bolona, interrupting] ...to express my appreciation for [word indistinct] the objections. Thus, there were three letters full of objections....

[Canedo, interrupting] Why did Deputy Calmell-....[pauses] Pardon me, minister, he never talked about the other two letters, which included several objections?

[Bolona] One would have to ask Deputy Calmell why he did not present all the information. It is clearly established here in these three letters, especially in the second one, that many objections were raised, objections that were not reported and that were mentioned in President Fujimori's letter, a letter that also carried my signature. [passage omitted]

[Canedo] What does all this mean?

[Bolona] It means that there was a plan to prevent us from looking at the entire budget. This was not playing openly and honestly. I was surprised because I thought we were discussing the all-important budget with the bicameral commission president on a much more professional basis. In the communique, little mention was made of the three letters. In addition, we were given the one signed on 23 December to reply to on 24 December. And this is not all. On 26 and 27 December, I had to negotiate the common external tariff. I could not attend the meeting. But remarks continued to be made.

[Canedo] You were scheduled to appear before the bicameral commission on 30 December.

[Bolona] It is true. I was scheduled to appear before the commission on 30 December to report on the supplementary loan. I had to go to Bogota on 26 and 27 December to negotiate the common external tariff. I returned early on 28 December. I met with deputy ministers, advisers, and deputy Calmell at home on 28 December. We discussed the supplementary credit and the budget bill, on which a number of objections were yet to be cleared. Calmell was aware that I could not attend the 30 December meeting. The conclusion was even reached that it would be better if the deputy minister went to the budget commission for the supplementary credit. Calmell suggested that the budget be approved and that the corrections be made in the supplementary credit. The proposal did not prosper. There were, however, a number of objections that had to be discussed on 30 December after I returned from Tumbes, so I could sign the objections.

There was a good chance that the law, or the articles, would be discussed because the Executive Branch had not discussed the bill or the objections.

I think we have to clarify everything that happened. It was known that I could not go to the bicameral budget commission meeting to discuss the supplementary credit, and it was even suggested that I not go.

[Canedo] Who suggested that? Deputy Calmell?

[Bolona] That is right. I believe we have to be very clear about the procedures and stop distorting the facts to make it look like I was not aware of what was going on, or that I was contradicted, which never happened because I worked in coordination with the prime minister and the presidential palace in every sense.

[Canedo] To sum it up, you were aware of these objections, and Deputy Calmell knew about them, too.

[Bolona] He did know about them because he had the three letters. Not only did he know, but a number of deputies knew also.

[Canedo] The letters were no surprise.

[Bolona] They were no surprise, and many of the objections that have been presented to the president are objections that were raised in the letters and came from the Economy and Finance Ministry.

[Canedo] Do you think the accusations against the executive branch for lacking clarity are well founded?

[Bolona] By no means.

[Canedo] There is no lack of clarity?

[Bolona] There is no such thing. The observations were very clear in the letter; it is clear that the executive branch did not discuss the draft budget. I believe that when someone wants to draft a completely professional budget, in accordance with budget matters, and there is no calculation for expenditures, it is not necessary to include a number of articles that have turned out to be really objectionable.

[Canedo] But this story has just been learned.

[Bolona] I would not say it was learned recently because these letter were given to....

[Canedo, interrupting] Not to the media.

[Bolona] Some media did know of these letter, and many deputies had access to them. The executive branch, obviously, knew of these letters. They were used to present the objections.

[Canedo] However, even on Monday the word was still that you did not know of the objections and that your relations with President Fujimori were not good.

[Bolona] There has been an attempt to present that version, which is totally false. We must ask what the motives behind these kinds of suggestions or implications are. Unfortunately, what has been done was done maybe to get the budget out faster, without objections, or to destabilize a number of aspects, but....

[Cadeno, interrupting] Destabilize what aspects?

[Bolona] Destabilize relationships within the executive branch that could, in the end, lead to loss of confidence or to some kind of conflicts that were not present before.

[Canedo] Well, that is what many media have reported. They reported that you are about to resign.

[Bolona] I did not even try to resign because I was involved in this process and am aware of everything that is going on. During the meeting we had with the prime minister on 3 January, and in the other meetings we held on that day, we clarified what had happened and made it clear that there was no attempt to resign. I believe these worries and concerns were exaggerated. That is not good and, unfortunately, this causes one to lose trust with the bicameral budget commission. Dealing with them should be smoother.

[Canedo] We are going to take a question from Fernando Vasquez. Fernando, go ahead.

[Vasquez] Thank you, Roxana. If the economy minister can hear me, the people are beginning to call in with questions. Speaking of the budget, and apart from the minister's recent rushing around—he was on vacation in Punta Sal and had to rush back and then returned to Punta Sal to spend New Year's Day there—this indicates there were some problems or abnormality in preparing the presidential objections.

Independent of that, what is going to happen? Last night Congress promulgated the nation's general budget without taking into consideration the presidential suggestions. What is the Executive Branch going to do now? Is it going to insist on its recommendations, or is it going to prepare a bill to legally enforce them?

[Canedo] [words indistinct] reports that you were on vacation and had to return from Punta Sal after a call from President Fujimori.

[Bolona] I have to clarify two things. An effort has been made to give a certain connotation to my vacation, to make a rest period or vacation appear satanic. I think some people have tried to take political advantage of this, and that is not right. The fact that I left knowing that this kind of recommendation was possible—and I returned because of it—does not mean I am not aware of what is happening. Matters were studied carefully and in line with normal procedures.

[Canedo] Did you return unexpectedly?

[Bolona] There was the possibility that I would have to return, and I did return to see and to sign what I had to sign.

Regarding what is going to happen, I believe Congress has already approved the budget, as the media reports.

It would have been more adequate if Congress had considered the recommendations. I think they are very valid recommendations. There is a constitutional discussion on whether or not they should or should not be considered. I do not want to go into that. I think the prime minister will discuss that. I do think the recommendations are latent. A budget including recommendations, some of a constitutional nature, should be studied. It should be studied. Recommendations and amendments should be studied. I think Senator Roman is working on a law that includes recommendations. We are going to see what happens and whether or not the president's recommendations are considered.

[Canedo] And what happens if they do not accept the recommendations?

[Bolona] Then the executive branch will have to see how the budget, which could definitely contain errors and create problems, can be corrected. Some recommendations....

[Canedo, interrupting] Mr. Minister, do you think that the rumors about you resigning because you are being put down, that your relations with the president are not good, and that there are confrontations or friction with the legislatuare, work against the stability that we want and need?

[Bolona] They definitely do not help stability. For an economic program to work, a program with a price tag we are trying to minimize, we need a stable environment. Any kind of destabilization game does not help. I believe small political interests should be set aside. There are more important matters to decide than whether or not the little political game on the budget came out the way some people wanted it or not, or to consider a series of articles that are debatable. This should be set aside in favor of higher interests. There is an economic program. A national program is at stake. This is the kind of interest that should prevail and I hope it does prevail. [passage omitted]

[Canedo] Minister Bolona, Fernando has a question for you. Go ahead, Fernando, we are listening.

[Vasquez] Thank you, Roxana. We are nearing the end of this interview, Mr. Minister. I will ask you two questions. The first one is: Your critics claim that the economic program is so fragile it could crumble into a thousand pieces. Should the legislature approve the budget—as it did last night—and reject the president's observations? Or should the legislature repeal the decree that created the famous Tax Assessment Unit [Unidad Impositiva Tributaria—UIT]? Do you think that despite the many sacrifices that have been made, the budget hinges on things like that? Will the people have to make even greater sacrifices? First answer this question, please, and then I have another one.

[Bolona] If the economic program were as fragile as they say, inflation would not be dropping and the IDB [Inter-American Development Bank] would not grant us loans or endorse us. It is not fragile. I think the economic program is growing stronger. It is true that the budget law could create additional problems for us if a number of obstacles are not overcome. However, I would not say that the economic program hinges on this or that article. I think that a number of articles must be amended, but it is untrue that the program is so fragile it could be spoiled by a single article on the budget law. However, we could be facing problems and be prompted to resort to the collection of additional revenues by levying nontechnical [anti-tecnicos] taxes, something that we do not wish to do. We want the legislative branch to understand this.

[Canedo] Pardon me, what kind of additional revenues and nontechnical taxes are you referring to?

[Bolona] We applied new taxes such as the [words indistinct] tax and others that we do not wish to levy again in 1992 only because of an article forcing us to make expenditures.

[Canedo] Fernando, you had another question?

[Vasquez] Yes, my second question is: Mr. Minister, the other day during an interview with President Fujimori, we criticized his style of criticizing institutions and he replied that he had not yet criticized the Central Reserve Bank [BCR]. SI Magazine reported this week that the president did just that. It quotes him as saying that he disapproves of the BCR's handling of the interest and exchange rates and that the policies of the BCR and Economy Ministry under your leadership are not in tune. Fujimori added that he would eventually have to criticize very harshly the BCR management. Do you share this criticism?

[Bolona] Many criticisms have yet to be voiced; we must wait and see. In the meantime, we are making great efforts regarding the interest and exchange rates. We are trying to coordinate efforts with the BCR, because I believe it is essential for the Economy Ministry to work as closely as possible with the BCR to achieve those objectives. We must wait and see what repercussions these comments will have.

[Vasquez] Deputy Eduardo Calmell del Solar, president of the bicameral Budget Commission, has phoned us. He has much to say about the statements that the economy minister has made during this interesting dialogue. Good morning, Deputy Calmell.

[Calmell] Good morning, Fernando, how are you?

[Vasquez] The minister has just pointed out that you speak only half-truths and that you just show brief paragraphs of extensive letters that he has sent you. He claims that he has coordinated efforts with you and that, in fact, you have visited him at his residence to coordinate all this. Teamwork was apparently involved. However, you shook things up and spoiled the budget. What happened deputy?

[Calmell] Several things. The minister's style has destroyed the possibility of establishing a dialogue. The three letters were publicly read at the Congress. In fact, not only read, but discussed. We have always referred to the three letters.

The alleged permanent coordination with the minister—and he knows this well and that is why he is smiling now—was such that he telephoned me at the very last minute and did not even have the courtesy to advise me that he had signed his remarks to the budget the previous evening and submitted them to the legislative branch. Despite all this, he still wanted to coordinate with me the possibility of making certain changes in a rational manner; that is how the remarks to the annual budget law should have been done.

I do believe he is a good economy minister and is doing things well. However, I also think his arrogant style of doing things is preventing a smooth dialogue from taking place. I believe in the economic program and harbor certain doubts regarding some aspects of it, and he knows this. However, I think these remarks regarding the Republic's general budget in no way hurt the general budget, as he has claimed. It does not hurt the economic program, either; we have deliberately avoided doing so.

[Vasquez] Deputy, the ball is now in the economy minister's court. We will hold a dialogue between Roxana, the minister, you, and eventually myself. Go ahead Mr. Minister. What do you think about what Deputy Calmell just pointed out?

[Canedo] [Words indistinct] called you arrogant?

[Bolona] I do not think I should be branded as arrogant. I wish to clarify that I indeed called the deputy on that Tuesday and told him that remarks to the budget law had been submitted. I wish I had clarified this beforehand to avoid giving the impression that certain actions were overruled and to stamp out all this intrigue. The reality is that the budget has been approved, and we must wait and see what will happen with the president's comments. We must work around the situation. We must, however, clarify this to dispel all doubts and continue working to solve a number of problems. I deny that I am arrogant, because I have tried to be very honest and clear. As always, I have been firm in my statements and clear about my positions. I want this to be made clear. I also want it to be clear that we warned that we were submitting observations on that law; there was by no means any discourteous behavior. We could have been firm and vigorous, but by no means arrogant. We must wait and see what will happen with the comments on the budget. Based on that we will see how much the fiscal cost of those remarks will affect us and the problems that they could cause to avoid falling into a number of nontechnical measures that we do not wish to adopt.

[Canedo] Has your relationship with Deputy Calmell been strained? Are you still friends? Or were you friends?

[Bolona] The friendship has unfortunately faced very strong friction. I believe we can smooth out our differences, because Deputy Calmell is a member of the Budget Commission and we must deal with each other. The idea is not to end all dialogue between us. However, I am always very firm in my statements.

[Canedo] Deputy Calmell, our conversation with Minister Bolona will end now. Do you wish to add anything?

[Calmell] Two things, Roxana.

[Canedo] Very briefly, please.

[Calmell] The first one—and I will be very brief—is that in this case my personal relationship with the minister should neither hurt nor improve the relationship the president of a congressional commission has with the economy minister. The only thing that improves working conditions are honesty; the honoring of promises; the honoring of public commitments; and the honoring of personal commitments, which should be more strongly honored than public ones.

The second point is that I am afraid the minister's statements regarding his remarks on the budget law will cause some confusion. The wage policy is safe—and the minister knows this well—with the budget law as it was approved; this wage policy is in keeping with the goals the government itself outlined in the budget. That is, if the minister's 40-percent inflation goal for 1992 materializes, he would see no problem with the money we assigned to salary reserves, and neither would the country. If his assumptions do not materialize, if he does not believe in his assumptions, he will then begin to harbor doubts about what we have done with the budget. However, because I believe that his assumptions will materialize, he will have no problems with wage reserves.

The other articles of the country's budget as a whole, as Senator Manuel Moreira said yesterday, do not have any significance because they affect the country's budget by less than 1 percent. You know this cannot hurt any economic program, especially if it is a solid one as he himself calls it. I do not believe there will be any doubts. Of course we are going to make our observations. We hope to have the minister with us. I am now inviting him to come to the budget bicameral commission at 1000 so he himself can explain each one of the observations made to these articles and so he can clearly see how the bicameral commission is working when it comes to defending the interests of the public. Thank you Roxana.

[Canedo] Thank you Deputy, even though you leave us with the impression of [words indistinct]. Is this not so? Is this not so, Deputy? Well, it seems he has already left. He ran off to the commission. He has invited you to go there at 1000.

[Bolona] He says he has invited me to go there at 1000 to make observations, but I have noticed that observations are being made at this point when they should have been made before the budget law was approved. We will see what observations he is referring to and how they are going to be discussed. I would first like to become aware of what they are going to discuss at the budget commission so I am not surprised when a series of points have already been approved. We are going to meet with the budget commission, but we are also going to see how these aspects are being handled so we do not find surprises such as the ones that have emerged. I would also like to talk about the financial reserves....[pauses] First I would like to talk about our predictions. In August, we predicted that inflation would end the year 1991 at 140 percent and that prediction came through.

[Canedo] Inflation in 1991 was 139.2 percent.

[Bolona] The prediction came through. I believe we have greater credibility in our predictions. I believe a 40-percent inflation rate—I would like it to be 37 percent—

is feasible. I hope we can reach an inflation rate of 2 percent or less per month if we continue with this disciplined and austere policy. We will definitely reach that goal. Some elements that can reactivate the economy may come from foreign investments, public investments, as well as exports, which I believe are crucial.

[Canedo] With the dollar at such a low exchange rate?

[Bolona] Our objective is to achieve parity in 1992. We have to study mechanisms to achieve this. These are the elements we must bear in mind. As for financial reserves, we must point out that just because we have financial reserves, we cannot bring out 230 million soles overnight to conduct certain types of investment projects. We cannot just take funds out of our financial reserves and prevent the economy ministry from handling this just because they decided that certain regional investments are more interesting at this time. I believe this is not the best way to work.

[Canedo] Do you disagree with regionalization, Mr. Minister?

[Bolona] I am saying that regionalization must be looked upon from a variety of angles. We must not impose taxes blindly. We must find out what is being done with the money. We must find out how it is being spent. It must be accounted for. I believe we must decentralize the country, but we must find out how the money is being spent.

[Canedo] We are going to leave now, but first we will ask two more questions. What will a 40-percent inflation rate mean for 1992? More unemployment? More than 70,000 people have, quote, voluntarily, unquote, resigned from the public sector. Thousands more are expected to resign. Unemployment is very high. There is a great deal of poverty. What will 40-percent inflation mean? These are cold figures.

[Bolona] The figures may be cold, but extreme poverty is inherited from a very bad economic policy and hyperinflation. That is the cost of those mistaken policies. It happened in Bolivia and will happen in any country with hyperinflation. To come down to 40-percent inflation will be a great achievement. From the 7,600 percent inflation we used to have, we have come down to 139 percent. A 40-percent inflation rate would really be a great achievement. As for unemployment, we are trying to relocate employees from the public and private sector.

We must not forget that one of the reasons why those 80,000 employees left the public sector was because the public sector could not pay their salaries. The payroll had approximately 1.2 million employees whose salaries and other benefits had to be paid with an insufficient budget. Hence, a number of employees were encouraged to leave, and it is possible that in 1992 there will be more relocations with the privatization of some public enterprises. As I said before, privatization is crucial, because through funds from foreign or national investments we can relocate workers from the public to the private sector. Another solution is through the Social Emergency Plan, which can alleviate problems related to nutrition, basic education, health, and potable water.

[Canedo] Yesterday we received the good news that the IDB has granted us a $210 million credit. What else can we expect from the IDB and other international financial institutions?

[Bolona] We are beginning to see the fruits of our reinsertion. Some people said this was merely a pat on the back, as one parliamentarian said, and they wondered how this could materialize and what it meant for the country. Well, it means that finally, after seven years, we will start using funds to build and repair roads that have deteriorated due to lack of maintenance. Our country has deteriorated in almost every aspect. We now have $210 million to be used for roads and will probably receive more for that purpose. Not only that, the IDB will give us $1.1 billion. In 16 months we have obtained aid equivalent to what the IDB gave Peru in 30 years, which totals $1.6 billion. I see this as an achievement. In addition to that, we will receive funds from the Support Group from Japan at a 3-percent interest rate, as well as from European countries. Those funds—donations in some cases, or credits under very favorable conditions—are beginning to arrive in the country and will be used in a very disciplined manner in order to gradually reactivate different areas and carry out a number of projects, particularly in infrastructure.

[Canedo] Do you expect foreign investments? What guarantees do foreign investors have?

[Bolona] That is a very good point. In 1990, we had $2 million in foreign investment, whereas other countries such as Chile had billions of dollars in investment, maybe three or $5 billion. Now, just by solving the problems with Southern and Oxy, we are already talking about $360 or $400 million that will come in as investment over the next years. That is an investment we have from foreign enterprises that we are getting just by solving the problems with those enterprises. We will receive more investments from other foreign enterprises. If we solve the security problem, clarify the rules of the game in foreign investment, and solve our problem with Southern, Oxy and, Bellco, we can attract foreign investment and guarantee security. We are working on that with the energy and mines, transportation, and defense ministries to seek guarantees for foreign, as well as national, investments. Those are the main points.

[Canedo] In conclusion, Mr. Minister, if this supreme Decree Number 307 is passed, where will the money collected through it go? How will the pie be sliced?

[Bolona] That is the point, because many people feel that they will pay the taxes, they ask: Where is the money going? That conscience that drives you to pay taxes must also see results in the form of spending. That money is crucial for the infrastructure, roads, etc. What the IDB is

giving us is not enough; we need roads. Regarding security, the only way to fight...

[Canedo, interrupting] For the pacification effort?

[Bolona] The pacification effort. The only way to fight terrorism and drug trafficking is, precisely, for the state to have access to the funds from taxes and be able to spend them.

Regarding education, health, water and sewage works, it is imperative that the money for those projects come from those funds. We must look into plans like that so the people can realize that the effort being made through taxes is going to tangible things. We do not want them to get the impression the money is being lost in areas other than the ones for which taxes were proposed and which the country needs for its development.

[Canedo] Thank you very much, Minister Bolona, for being with us today.

New National Police Authorities Appointed

PY1001232192 Lima EXPRESO in Spanish 2 Jan 92 p A10

[Summary] President Alberto Fujimori has confirmed General Adolfo Cuba y Escobedo as chief of the National Police through Supreme Resolution 001-92-IN-PNP issued on 1 January 1992. This same resolution appoints Lieutenant General Victor Alva Placencia as chief of the Police Staff, Lieutenant General Jose Zuta Valqui as inspector general of the National Police, and General Angel Aguilar Guillen as head of the 7th police zone in Lima. Colonel Saul Gamero has been appointed head of the National Police Health Service and Colonel Cesar Zegarra Navarro as director of the Central Police Hospital.

Roundup of Guerrilla Activities Reports 5-10 Jan

PA1201132692

[Editorial Report] Following are reports on guerrilla activities in Peru compiled from international news agencies and Peruvian radio and television newscasts between 5 and 10 January. Sourceline information follows in parenthesis after each item.

A woman died on 5 January when two kg of dynamite strapped to her body exploded. The police found a note on her mutilated body in which the Maoist Shining Path group claimed responsibility and stated that she was killed for being an informer. The authorities found explosives in a house across from the woman's house in Chosica, eastern Lima, in September 1991. (Hamburg DPA in Spanish 1430 GMT 6 Jan 92)

The police blamed the Tupac Amaru Revolutionary Movement for planting about 30 kg in a gas station in La Victoria neighborhood in Lima on the evening of 8 January. The explosion killed a station attendant and injured two others. (Paris AFP in Spanish 0157 GMT 9 Jan 92)

Official sources on 9 January reported that a subversive column on 8 January ambushed and killed a sergeant and five corporals in Tananta in the southern San Martin Department. On the same day, presumed Shining Path activists killed two policemen in Macari, Melgar Province, Puno Department. (Madrid EFE in Spanish 0136 GMT 10 Jan 92)

The police reported on 10 January that at least 11 soldiers died and several were injured on 9 January when two vehicles transporting them hit mines planted by guerrillas inside a tunnel in the Andean area of Huacho Province, 160 km from Lima. (Paris AFP in Spanish 1627 GMT 10 Jan 92)

* Report Discusses 'Improved' Investment Climate

92SM0189A Lima CARETAS in Spanish 16 Dec 91 pp 18-19, 89

[Excerpts] There is an atmosphere of optimism and a feeling that laws are in place for foreign investment to come to Peru and local business capital to return. How true is this? How much longer will we have to wait? Apart from OXY and Southern Peru, which have agreed to expand their activity, other investments are just trickling in. Still, 1992 is bringing obvious signs of some well-founded Christmas expectations.

The general comments during last week's opening of a major hotel in the heart of Miraflores, which was attended by some top administration officials, including President Alberto Fujimori, were that the climate for both domestic and foreign private investment is improving rapidly, spurring Christmas expectations of a much more favorable 1992.

One sign of this optimism is that a major hotel project is being undertaken at a time when tourism is undergoing its most acute and prolonged crisis. Similar enthusiasm is perceived in the business sector, despite warnings of the recession's persistence. A large shopping center has just opened in la Molina, and a big 24-hour supermarket in Miraflores. And the buying frenzy has led to a free weekly publication entitled "Shopping News."

Whether because of the inevitable novelty of imports or because a growing portion of industrial production is based on imports and trade—an obvious case in recent weeks is Field—the proliferation of shopping centers is a sign that local investors are relying on an upturn in consumer spending in the midterm, both mid-market and down-scale consumption.

Between September and November the government enacted some essential laws to promote direct domestic and foreign investment. Legislative decrees 662, 663, and 757 are designed to make Peru, if not an island of

totally unrestricted investment, at least one of the countries with liberal legislation now offering stability, continuity and flexibility for investments, features difficult to obtain in the changing and competitive world market. [passage omitted]

In overcoming the obstacle course—in other words, bringing about Peru's full entry in the international financial system—achievements come slowly and painfully. What is important is that expanded opportunities are being created in a variety of sectors. The stock market is a good illustration, even when it is pointed out—for example, by Rafael Villegas, former President of Confiep [National Confederation of Private Business], that "in and out" or speculative capital has concentrated in the volatile stock market, instead of being used for productive investment. One topic of discussion is the presence of Chilean, Argentine, and even North American capital in the stock market, although not in very spectacular proportions. This does indicate, though, that local stock market activity is expanding.

The most sought-after shares are the Peruvian Telephone Company, breweries, tobacco companies, cement, and some mining companies. There is a reason behind this. During the past year the value of the Backus shares increased 300 percent, and CPT [Peruvian Telephone Company] shot up 400 percent. According to Argos, a brokerage firm, 1992 promises great profits in the cement industry, "which is not vulnerable to international competition" and it will be helped by the vehicle loan from the IDB [Interamerican Development Bank] and the new laws stimulating construction.

Foreign investments in the stock market do not exceed $3 million a month, with daily investment on the order of $1 million. This does not suggest major changes in the membership of boards of directors, and most of this is Chilean capital.

It seems clear that future foreign capital will tend to seek strategic alliances with national capital—in the "joint venture" formula highly recommended by a number of economists, and also to tackle high volume investments based on privatizations of public conglomerates. Once again the government is being reminded of the need to stimulate the privatization process. During the second half of 1991, many delegations of Chilean, European, and Asian businessmen expressed interest in specific sectors: air transport, agroindustry, fishing, mining, cotton textiles, and banking.

Gabriel Ferrer of Confiep says he is quite confident that national private sector investment "is going to capitalize the modernization and industrial reconversion process," as foreign investment may take up to two years to turn into specific projects. This moderate optimism may be seen in the fishing industry. There Peruvian businessmen are trying to upgrade equipment and fleet and warehouse capacity to obtain competitive profits. Investments are being made with Chilean financing and Danish technology (Hededland Process, Atlax, Alfa Laval). The canning industry is definitely national. Foreign investors are primarily interested in extraction, and joint venture proposals among Korean, Chinese, Japanese, Spanish, French, and Peruvian companies are abundant.

In mining, much of the interest is concentrated on the privatization of Centromin [Central Peru Mining Enterprise], HierroPeru [Peruvian Iron Mines Enterprise], and MineroPeru [Peruvian State Mining Enterprise]. These three companies are now being appraised, and the privatization process could begin during the first few months of 1992. HierroPeru has hired Pincok, Allen and Holt for a $380,000 fee—this company appraised the Cananea de Mexico copper mine—and a complete appraisal is due in March. In January HierroPeru is to choose among 11 foreign banks—in coordination with the World Bank—to select a financial adviser to showcase the firm's potential. According to Emilio Zuniga, its general manager, "HierroPeru's main attraction is its potential, as the company is now undercapitalized, and has had losses for a number of years" (the 1992 balance sheet will apparently report losses of $20 million).

Another mining investment in Yanacocha, Cajamarca, a trilateral deal between Buenaventura and a French-North American consortium completes the list in mining. The other major conglomerate which has attracted interest is the People's Bank. Three foreign banks have shown an interest: the Bank of Boston, American Express, and Midland Bank. Midland recently granted a $14 million line of credit to be used to promote exports. The People's Bank is to be appraised with the advice of the World Bank, and then an international request for bids will be prepared and issued. The bank has asked the SBS [Banking and Insurance Superintendent's Office] for a report to clear up some uncertainties: whether a foreign bank can own another bank, and the prequalification of bidders in the international bidding procedure, since SBS authorization is required for purchasing over 10 percent of the shares of a bank. There is apparently agreement not to sell the People's Bank on the stock exchange. The plan is to revitalize BP [People's Bank], to try to decrease its heavy portfolio—about $30 million—and to develop greater interest among foreign buyers. That is not true of BP's Bolivian subsidiary, which is fourth in size among the 17 existing in the Bolivian highlands; it has larger deposits than those in Peru. This subsidiary is the tempting morsel in the BP package.

In summary, this is a promising panorama, but it remains sketchy, since in every sector requirements and conditions still prevent a steady and definite flow of foreign investments in the short term. "I perceive a radically positive change in bankers and businessmen in New York, San Francisco, and the East. I feel that after the first three months of 1992 more will be happening," says an attorney with a well known Lima law firm. "There are still a lot of feelers, but nothing is specific," he adds.

*** Procurement Scandal Implicates Former Ministers**

92SM0189B Lima EL COMERCIO in Spanish 11 Dec 91 p A9

[Report by Miguel Ramirez of EL COMERCIO's Investigations Unit]

[Text] A special audit conducted by the Interior Ministry's General Inspectorate has uncovered serious irregularities in purchases of arms, ammunition, vehicles, communications, and computer equipment for the National Police. These purchases were made by the Interior Ministry during the Aprista [American Popular Revolutionary Alliance] administration (1985-1990).

Report no. 006 was obtained and its conclusions were verified by this paper's Investigations Unit. This is the first official document proving financial mismanagement in procurement with Public Treasury funds. The amount involved exceeds $100 million.

It corroborates charges the media made several years ago about these purchases, but which could never be proved; in some cases, the charges were denied by Interior officials.

The Interior Ministry audit shows that during the Aprist administration major purchases of arms and other goods were made, "but there is no complete documentation on the contracts, no invoices are available, and there are no acceptance, storage, or distribution receipts."

The report says that these purchases were simply made under supreme decrees and solely through the cabinet office; they were authorized by the minister and vice minister of the interior, with the collaboration of "trusted" economic advisers and staff.

The report relates that "the office of the private secretariat of the ministerial office was responsible for keeping all documentation related to this procurement, but when that office was deactivated at the end of the Aprist administration, only part of the documentation was filed."

It cites as "responsible for these irregularities" the following Aprist Interior Ministry officials: Abel Salinas Izaguirre, Jose Barsallo Burga, Rear Admiral Juan Soria Diaz, Armando Villanueva del Campo, and Agustin Mantilla Campos.

It also names another 11 Interior Ministry officials.

Deputy Ernesto Gamarra Olivares, who has been following this case since last year, told EL COMERCIO that this report "officially proves that major improprieties were committed in arms procurement."

Gamarra expressed his surprise that while this report was completed in March 1991, "no one knew of its existence" until last week, even though it had filed with the General Comptroller's Office, the cabinet office, and the National Police Directorate.

"It is strange that the Comptroller's Office did not give us a copy of this report, as Congress had asked the Comptroller's Office to conduct this investigation," said Gamarra.

The legislator said this case should be investigated by Congress. Last Friday—with deputies from the Popular Christian Party, Liberty, Change 90, and United Left—he filed a request to set up a commission to investigate arms procurement from 1985 to 1990.

His request may be accepted, as the report from the Ministry of the Interior's Inspectorate—which we will publish in our next issue—is worse than disturbing.

Uruguay

Human Rights Commission Questions Amnesty Law

PY0801201592 Montevideo BUSQUEDA in Spanish 3 Jan 92 p 3

[Text] Foreign Minister Hector Gros Espiell has said that the government challenges the OAS Human Rights Commission resolution because it believes that "the law of expiration" [which grants amnesty for human right violations during the military regime] violates the International Human Rights Convention.

Gros Espiell told the weekly magazine BRECHA that the declaration approved by a majority of the seven-member Inter-American Human Rights Commission (CIDH) was "radically wrong," and that it represented "a slap in the face for the Uruguayan people." He added that the declaration "ignores the sovereignty of our people who approved the law of expiration through an entirely free referendum. They consider it a necessary factor in our national reconciliation process."

Gros Espiell said that the government "completely" refutes the declaration because the CIDH "made a very serious mistake" since "Uruguay did not violate the Convention and the Uruguayan people are proud of the formula that has been implemented to pacify and democratize and to reassert human rights," a formula involving the implementation of the law of expiration.

Gros Espiell said the Uruguayan answer, which was compiled with the help of Jorge Talice, Foreign Ministry juridical affairs director, and Didier Operti, permanent representative to the OAS, "is a synthesis" of a lecture that Gros Espiell delivered at the University of Salamanca last July on "Democracy and Reconciliation."

"In that lecture I stressed the need for reconciliation—forgiving, but not forgetting—as an essential basis for building a stable democracy. I pointed out that, without democracy, it is not possible to have respect for human rights," the minister said.

Foreign Ministry sources have said that the government's answer to the CIDH emphasized that the law of

expiration is totally compatible with national laws and with Uruguay's international commitments.

It was also said that the law facilitates respect for human rights because everything affecting democratic stability also affects respect for human rights.

It was also stressed that the country has never denied the illegality of human rights violations during the de facto regime, adding that the law did not preclude the payment of damages to victims of such violations." [no opening quotation marks as published]

Gros Espiell recognized that the committee created by the International Pact for Civil and Political Rights has received reports of individual cases of human right violations in Uruguay during the de facto regime but made no further statement on the subject.

The CIDH is not a jurisdictional organ and its resolutions are not binding. Commission members act as independent individuals and do not represent their governments.

Tire Plant Workers Evicted; Violence Reported

PY1401001692 Montevideo Radio Carve in Spanish 0000 GMT 14 Jan 92

[Text] With deplorable violent actions, the workers of FUNSA [Uruguayan Tire Plant, Inc.], who took over the plant five days ago, were evicted this afternoon. The workers were given an ultimatum to leave the plant by 0530 [0730 GMT]. They refused to leave the plant; therefore the police had to take action.

Interior Minister Juan Andres Ramirez blamed FUNSA labor leaders for the violent actions during the eviction of workers.

Shortly before this incident, the union had decided to begin an indefinite strike.

In the wake of the general situation in the labor movement, the possibility of the Inter-Union Workers Plenum-National Convention of Workers calling for a new a general strike tomorrow has not been ruled out.

Navy Officers To Organize Cambodian Navy

PY1301223692 Madrid EFE in Spanish 1839 GMT 9 Jan 92

[Text] Montevideo, 9 Jan (EFE)—Rear Admiral James Coates, Navy commander in chief, reported today that, following UN orders, Uruguayan Navy officers and Marines will be in charge of organizing the new Cambodian Navy.

Coates said "this decision represents a honorable distinction for Uruguay," and he and a group of 10 officers and 30 crewmen will visit Phnom Penh, the Cambodian capital.

A second group to visit Cambodia will be made up of prefecture officers who will train the Cambodians in police surveillance; administrative military officers who are experts in logistic organization; and naval aviation officers.

Coates said the UN decision to elect Uruguay was the result of the "excellent performance of two Uruguayan officers as members of the UN 'Blue Berets' forces, which were in charge of restoring peace in this Southeast Asian country."

He added: "The main task of the new Cambodian Navy will be to restore order and enforce the law in several Cambodian jungle rivers where groups of demobilized guerrillas have decided to engage in piracy."

Cambodia, a country of 181,000 square km and 8 million inhabitants, is going through a reconciliation process after 13 years of civil war.

Navy Seizes Two Brazilian Fishing Vessels

PY1301193892 Madrid EFE in Spanish 2328 GMT 10 Jan 92

[Text] Montevideo, 10 Jan (EFE)—Navy spokesmen reported today that two Brazilian fishing vessels were seized on 9 January while illegally fishing in Uruguayan territorial waters.

The fishing vessels Vania Lucia IV and Vania Lucia IX, each 25 meters long, were fishing two miles off Rocha Department in the Atlantic Ocean. The Fortuna minesweeper, which was recently purchased from Germany, caught the Brazilian vessels during its first mission, which was to protect Uruguayan fishing resources.

The Uruguayan Navy seized the ships, fishing equipment, and the shipment, including hake, corvina, whiting, and sole.

The spokesmen stated that because of fog, the Uruguayan minesweeper may have been confused with a fishing vessel, a fact that made it possible to seize the Brazilian ships without even firing a warning shot.

The Brazilian vessels were taken to the port of La Paloma, 210 km from Montevideo, where they were impounded until the Uruguayan court orders the crew's release.

Venezuela

Minister Reports Reduction in Oil Production

PA1401012092 Mexico City NOTIMEX in Spanish 2238 GMT 10 Jan 92

[Text] Caracas, 10 Jan (NOTIMEX)—Energy and Mines Minister Celestino Armas reported that on 10 January, Venezuela reduced its oil production by 50,000 barrels per day [BPD] to steady crude oil prices, which have been low on the international market.

The "unilateral and voluntary" measure is an attempt "to raise the price of oil to a level that is more reasonable for the oil-producing countries without unduly negatively affecting the economies of consumer countries," the minister stated at a news conference.

This measure fixes Venezuelan production at 2,318,000 BPD, which is 1,000 barrels over the OPEC quota of 2,317,000 BPD.

"We are acting quickly. We want to give a positive sign" to the market, the official asserted.

Armas recalled that the 13 OPEC member countries, as well as nonmember countries, "share the same unrest amid the market's current situation," although he expressed his confidence that it will be resolved shortly.

Armas stressed that within that framework, Mexico and Venezuela have maintained intense contacts because Mexico "holds a position of leadership among nonmember countries."

Armas explained that contacts at the ministry level are intended to analyze possible joint actions to overcome the current situation of low prices.

Armas trusts that the scheduled 12 February OPEC meeting will result in a cutback of OPEC's current production ceiling and ruled out an emergency meeting, as Iran, Algeria, and Indonesia have requested.

OPEC's current production quota is 23.65 million barrels per day, but OPEC's true production is about 24.5 million barrels at an average price of $17 a barrel, as opposed to the expected $21.

With an end to protectionism, Venezuela seeks to increase the average sale price of its export crude from the current $15 to $19, as calculated in its 1992 budget.

Venezuelan oil sources have indicated that at the OPEC meeting, Saudi Arabia, which produces 35 percent of OPEC's crude oil, could object to significantly reducing its export quota.

As a result of the Persian Gulf war, Saudi Arabia, the United Arab Emirates, and Venezuela primarily covered the 4.5 million BPD of crude oil not supplied by Iraqi and Kuwaiti oil wells.

Armas said that in addition to the excessive demand, a mild (boreal) winter, and a persistent economic recession among industrialized countries, especially the United States, has kept oil prices low.

Perez on Gulf of Venezuela Dispute, Oil Prices

PA1401025592 Caracas Venezolana de Television Network in Spanish 0000 GMT 14 Jan 92

[Text] President Carlos Andres Perez said on 13 January that Venezuela and Colombia can reach an agreement concerning the Gulf of Venezuela, so he does not intend to give up the idea of building a deep-water port in the gulf. The president's statement came at the conclusion of the ceremony marking the Social Christian Party's 46th anniversary.

[Begin recording] [Perez] I consider it essential to reach an agreement between Venezuela and Colombia on this issue. I have confidence in the high-level commission that President Virgilio Barco and I have appointed since I was sworn in. I have faith that a solution will be found to this situation.

[Reporter] [Former Colombian Government Minister] Carlos Lemos Simmonds said that [words indistinct].

[Perez] What?

[Reporter] Lemos Simmonds said that [words indistinct].

[Perez] I do not know what sort of statement was given by this Colombian, but what I said is what I have always said, that I trust a joint solution will be found, and we are not denying Colombia's rights in the Gulf of Venezuela —we are only discussing those rights.

[Reporter] President, General Manuel Contreras will file a lawsuit against you.

[Perez] What?

[Reporter] Gen. Manuel Contreras will file a lawsuit against you for slander.

[Perez] By God, I respect myself and I respect Venezuela too much to talk that way about a person.

[Reporter] Mr. President, referring to oil prices, Gonzalo Barrios said a drop in oil prices would be a catastrophe.

[Perez] What did you say?

[Reporter] That it would be a catastrophe if oil prices dropped.

[Perez] No, no, no. We must trust the oil—hello, nice to see you!—we must trust the oil market. We are passing through a limited situation, but there is no problem. Another thing, we have a macro-economic stabilization fund that protects us from a sudden drop in oil prices.

[Reporter] What about the teachers' strike, President?

[Perez] I hope it does not happen. [end recording]

* Statistics Show Increase in Poverty

92SM0186A Caracas EL DIARIO DE CARACAS in Spanish 8 Dec 91 p 19

[Report by Ross Mary Gonzatti]

[Text] The recession, the drop in real wages, and inflation have had a negative impact on Venezuelan households, which are poorer today than a few years ago. All of this has caused poverty to spread and intensify, says Gustavo Marquez, an IESA [Institute of Higher Education for Administration] researcher.

Caracas— The "economic gap" between the richest and poorest households has widened in Venezuela, and poverty itself has spread. It is thus unlikely that economic growth will translate into an improved quality of life for low-income families.

Poor households accounted for 37 percent of the total in 1981 but 65 percent in 1989, and 30.1 percent of them are living in extreme poverty, that is to say, they cannot afford the minimum basket of foodstuffs.

In a recent study, Gustavo Marquez, a researcher at the Institute of Higher Education for Administration, asserts that whereas in 1977 the average income of the richest 10 percent of households was 11.4 times that of the poorest 10 percent, in 1988 the multiple had increased to 14.1.

Venezuelans were hit by recession, a fall in real wages, and inflation especially towards the middle and end of the previous decade.

According to Marquez, all of this has caused poverty to spread and intensify.

Inflation affects mostly food prices and, therefore, hurts the lowest strata, which spend more of their income on food items.

Marquez told IPS [expansion not given] that the poorest quarter of the population spends more than 40 percent of its income on food, whereas the richest quarter spends just 17 percent.

"As a result of these differences in the consumption baskets of each social group, the level of inflation that hits them is very different," the expert asserted.

He added that whereas in 1989 the general inflation index hit 81 percent, the inflation rate for the poorest quarter of the population was 96 percent, compared to 77 percent for the wealthiest quarter.

In 1990 the general inflation rate was 36.5 percent and 40 percent for food; yet inflation in food items was up by a ratio of seven to five compared to other categories.

As a result, the low-income population must spend more and more of their money on food purchases. Other estimates are that the poor now spend close to 35 percent of their income on food.

"It is clear that the costs of stagflation have been borne inequitably, because most have fallen on low-income sectors," Marquez asserted.

What prompts Marquez to assert that the intensity of poverty has increased as well is that the "income gap" index has widened over the past 10 years (this index measures the transfer payments necessary to boost the income of a poor family to exactly the upper poverty line).

"The average transfer payment required increased from 36 percent of the poverty line in 1981 to 47 percent in 1990, inasmuch as the nominal level of the poverty line and the number of people needing the transfer payment have risen. The total transfer now needed is much greater," Marquez said.

He has estimated that the total transfer payments entailed in this amounted to some $3 billion in 1990, in other words, around a quarter of the year's budget.

In light of this situation, "poor families cannot wait for economic growth to translate into improvements in the quality of jobs and higher wages," the researcher stated.

He added that one short-run solution is to spend more on education and health care to sustain our human capital.

"The widespread perception is that the State's social spending is insufficient. The administration's social policy offers palliatives that do not resolve the underlying problem. We have a successful direct-subsidies policy, but not a successful social policy," Marquez said in conclusion.

* PDVSA Proposes Elimination of Export Tax

92SM0186B Caracas EL DIARIO DE CARACAS in Spanish 12 Dec 91 p 20

[Report by Dalia Gutierrez: "PDVSA Submits Bill To Eliminate Tariff"]

[Text] The efforts that some sectors linked to the national oil industry have made to gradually eliminate the Export Tariff have not been successful, and therefore PDVSA [Venezuelan Petroleum, Inc.] will present the president with a proposal to phase it out over a five-year period, thus enabling the oil industry to pursue its plans.

The efforts that various sectors have been making so far to phase out the export tariff that is levied on the oil industry as just another tax have not been well received by the Executive Branch. Thus, PDVSA will today submit to Miraflores a proposal to gradually reduce the Export Tariff.

The bill to be submitted calls for an initial cut to 19 percent, followed by cuts to 16, 13, 10, and 5 percent, until the tariff is completely abolished over a period of about five years. Treasury revenues may even rise under this arrangement, it is said.

The national oil industry argues that unless the tariff is reduced so that PDVSA can make investments, it will have to pare back its plans to invest 360 billion bolivars next year. The upshot of this would be less revenue for the National Treasury; in other words, instead of taking in 580 billion bolivars next year, it would receive 498 billion.

The industry emphasizes that investment will have to be slashed if a phase-out of the export tariff is not approved, asserting, however, that Treasury revenues will rise if it is. If the export tariff were 19 percent this year, the Treasury would take in 580 billion bolivars; if it were 16

percent in 1992, revenues would total 600 billion bolivars because gross earnings would be higher.

This argument is directly related to the oil industry's expansion plans, which call for investments that require financing. In this connection there is talk of four main approaches. In the end, spokesmen say, they all lead to a phase-out of the export tariff.

The first approach calls for the oil industry to use its own funds; this would require a cut in the export tariff, which is what the oil industry wants.

The others are borrowing, joint ventures with the transnationals that used to control Venezuela's oil, and cutting costs and spending. The latter is not considered feasible because it would have the adverse effect of reducing output and refining levels. Moreover, costs and expenditures have increased in real terms by less than 2 percent over 16 years, whereas activity is up more than 33 percent.

The oil industry hopes that this time its proposal in the form of a bill will be better received and eventually approved, because it does not reduce revenues and will enable the industry to carry out its investment plans.

Mitsubishi Not Leaving

Separately, it was learned that the Japanese firm Mitsubishi will not withdraw from the Cristobal Colon project, a joint venture among Shell, Exxon, Lagoven, and Mitsubishi for the production and export of liquefied gas. On the contrary, the Japanese company is said to be interested in other joint ventures, such as the ones under Orimulsion, which has been proposed for inclusion in programs for the private sector.

PDVSA will reportedly have about a 49 percent share in the Orimulsion ventures, and the reduction or elimination of royalties will be called for.

As for new partnerships, agreements aimed at internationalizing the domestic oil industry are not being ruled out; such partnerships have benefited PDVSA in various ways both at home and abroad. A refinery deal is reportedly being negotiated, although there are no further details. The processing capacity would be 250,000 barrels a day, with a $400 million investment.

Industry sources emphasize today that the purchase of Citgo was clearly a good move, as it has increased its U.S. market share from 15 percent last year to 19 percent this year.

It was learned that the consolidated (total) revenues of the petroleum industry could hit $24 billion by the end of 1991, whereas oil revenues will reportedly be close to national budget estimates, that is to say, $13.5 billion.